



## PERFORMANCE AUDIT REPORT

# Department of Intellectual and Developmental Disabilities

*October 2019*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF STATE AUDIT**

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JUSTIN P. WILSON  
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October 16, 2019

The Honorable Randy McNally  
Speaker of the Senate  
The Honorable Cameron Sexton  
Speaker of the House of Representatives  
The Honorable Kerry Roberts, Chair  
Senate Committee on Government Operations  
The Honorable Martin Daniel, Chair  
House Committee on Government Operations  
and  
Members of the General Assembly  
State Capitol  
Nashville, TN 37243  
and  
The Honorable Brad Turner, Commissioner  
Department of Intellectual and Developmental Disabilities  
315 Deaderick Street  
Nashville, TN 37243

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Department of Intellectual and Developmental Disabilities for the period July 1, 2017, through June 30, 2019. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

Our audit disclosed certain findings, which are detailed in the Audit Conclusions section of this report. Management of the department has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the department should be continued, restructured, or terminated.

Sincerely,

A handwritten signature in black ink that reads "Deborah V. Loveless".

Deborah V. Loveless, CPA, Director  
Division of State Audit

DVL/li  
19/023



Division of State Audit

## Department of Intellectual and Developmental Disabilities

Performance Audit

October 2019

*Our mission is to make government work better.*

## AUDIT HIGHLIGHTS

### *Department of Intellectual and Developmental Disabilities' Mission*

*To become the nation's most person-centered and cost effective state support system for people with intellectual and developmental disabilities.*

We have audited the Department of Intellectual and Developmental Disabilities for the period July 1, 2017, through June 30, 2019. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

#### **Scheduled Termination Date:**

June 30, 2020

- case management services;
- the Employment and Community First CHOICES program;
- the direct support professional staffing shortage;
- Individual Support Plan development;
- integrated employment;
- Office of Risk Management and Licensure reviews;
- the Enabling Technology pilot program;
- departmental employee and volunteer background checks;
- death reviews;
- quality assurance monitoring;
- resident personal property and trust fund accounts;
- department program and administrative operations;
- information systems security; and
- Community Services Tracking system replacement.

## KEY CONCLUSIONS

### FINDINGS

- The department did not verify that provider agencies accurately reported integrated employment data for working service recipients; as a result, the department provided inaccurate information to the public (page 29).
- The department did not ensure that remote caregivers completed critical trainings before caring for an Enabling Technology program participant (page 33).
- For its employees directly caring for individuals with intellectual disabilities, the department hired a person with a conviction who should not have been hired; again did not correctly perform a sex offender registry check; and still did not conduct work history and personal reference checks (page 41).
- Despite improving its management of individuals' personal property, the department again did not perform regular inventories (page 57).
- The department did not provide adequate internal controls in three specific areas (page 81).
- Although management retired the outdated Community Services Tracking system, the replacement system lacked functionality and increased the burden on provider agencies and department staff (page 82).

### OBSERVATIONS

The following topics are included in this report because of their effect on the operations of the Department of Intellectual and Developmental Disabilities and the citizens of Tennessee:

- The department improved the Individual Support Plan process since the prior audit, but it did not always ensure that Planning Meeting Signature Sheets were completed (page 28).
- Although the department has improved its death review process since the prior audit, it still did not ensure that providers completed all required death reviews timely (page 45).
- While the department made various improvements involving quality assurance monitoring reviews, problems remained (page 49).
- The department improved the design and implementation of its exemption policy but did not conduct an accurate registry check before approving a background check exemption request (page 52).
- Management strengthened internal controls over the use of Resident Trust Fund accounts, but staff still did not correctly record purchases (page 62).

## **MATTER FOR LEGISLATIVE CONSIDERATION**

This performance audit identified an area in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Department of Intellectual and Developmental Disabilities' operations. Specifically,

- the General Assembly may wish to consider amending Section 33-2-1201, *Tennessee Code Annotated*, to achieve consistent qualifications for employees of provider agencies and the department related to registry checks, personal references, and work history requirements (page 44).

## **EMERGING ISSUE**

- As reported in our prior audit, Tennessee still faces a critical shortage of caregivers for individuals with intellectual and developmental disabilities (page 22).

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## INTRODUCTION

### AUDIT AUTHORITY

This performance audit of the Department of Intellectual and Developmental Disabilities was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*. Under Section 4-29-241, the Department of Intellectual and Developmental Disabilities is scheduled to terminate June 30, 2020. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the department should be continued, restructured, or terminated.

### BACKGROUND

The Department of Intellectual and Developmental Disabilities is responsible for administering services for Tennesseans with intellectual and developmental disabilities. The department's vision is to support all



Tennesseans with intellectual and developmental disabilities to help them live fulfilling and rewarding lives. The department's mission is to become the nation's most person-centered and cost-effective state support system for people with intellectual and developmental disabilities.

#### General History

The department was previously known as the Division of Intellectual Disabilities Services and was part of the Department of Finance and Administration. Effective January 15, 2011, through Section 4-3-2701(a), *Tennessee Code Annotated*, the Tennessee General Assembly established it as a stand-alone department. Additionally, the General Assembly moved responsibilities for the developmental disabilities service area from the Department of Mental Health and Developmental Disabilities (now the Department of Mental Health and Substance Abuse Services) to the newly formed Department of Intellectual and Developmental Disabilities. This transition to an independent department is described in Section 4-3-2705, *Tennessee Code Annotated*, which states,

The department's organizational chart is on page 8.

Notwithstanding any law to the contrary, January 15, 2011, all duties of the department of mental health and substance abuse services and the department of finance and administration, whose duties fall within those duties required to be performed by the department of intellectual and developmental disabilities pursuant to Acts 2010, ch. 1100, shall be transferred to the department of intellectual and developmental disabilities. . . . [A]ll employees of the department of mental health

and substance abuse services and the department of finance and administration, whose duties fall within those duties transferred to the department of intellectual and developmental disabilities pursuant to Acts 2010, ch. 1100, shall be transferred to the department of intellectual and developmental disabilities.

The Department of Intellectual and Developmental Disabilities' business unit code in Edison is 344.00.

### Definitions of Intellectual and Developmental Disabilities

State law defines **intellectual disability** as below-average cognitive ability that manifests before age 18 and is characterized by an intelligence quotient (IQ) of 70 or below, along with significant limitations in the ability to adapt and carry on everyday life activities.

Medical diagnoses classified as developmental disabilities include, but are not limited to, intellectual disabilities; autism; cerebral palsy; spina bifida; muscular dystrophy; various genetic, neurological, and chromosomal disorders; and head and spinal cord injuries.

**Developmental disabilities** are physical and/or mental impairments that begin before age 22 and alter or substantially inhibit an individual's capacity to perform activities of daily living, such as self-care, receptive and expressive language, learning, mobility, self-direction, or economic self-sufficiency.

### Services for Individuals With Intellectual and Developmental Disabilities

#### Community Homes and the Harold Jordan Center

The Department of Intellectual and Developmental Disabilities operates two types of intermediate care (residential) facilities for individuals with intellectual disabilities: community homes and the Harold Jordan Center.

#### *Community Homes*

Pursuant in part to court orders arising from charges of unfavorable conditions at state-run facilities, the department constructed 39 four-person homes in integrated residential communities for its service population, including former residents of developmental centers:

- The **East Tennessee Homes** are 16 homes located in Greene County.
- The **Middle Tennessee Homes** are 11 homes located in Davidson and Wilson Counties. Two homes are state-owned but privately operated.
- The **West Tennessee Homes** are 12 homes located in Shelby and Fayette Counties.

See **Exhibit 1** for an example of one of the department's community homes in West Tennessee.

## **Exhibit 1**

### **A Community Home in West Tennessee**



Source: Auditor photograph.

The department's community homes are licensed intermediate care facilities for individuals with intellectual disabilities and provide 24-hour services and supports necessary to ensure the health, safety, and welfare of residents.

#### *Harold Jordan Center*

The department operates the Harold Jordan Center, a 28-bed facility for individuals with intellectual disabilities who have been charged with a crime or who have severe behavioral challenges. The Harold Jordan Center is located on the campus of the former Clover Bottom Developmental Center.

#### *Funding for Community Homes and the Harold Jordan Center*

Through provider agreements with the Department of Finance and Administration's Division of TennCare, the Department of Intellectual and Developmental Disabilities' intermediate care facilities receive funding under Title XIX of the Social Security Act (Medicaid) for those individuals who are Medicaid eligible. Each community home and the Harold Jordan Center must submit an annual cost report that, along with budgeted information and other data, determines the facility's reimbursement per diem rates. The cost reports contain a list of expenditures related to patient care and administration that are eligible for Medicaid reimbursement. The department submits eligible costs to TennCare, which then requests reimbursement from the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS), which is responsible for administering the Medicaid program.

## Medicaid Home- and Community-Based Services Waivers

### *Waiver Definition and Background Information*

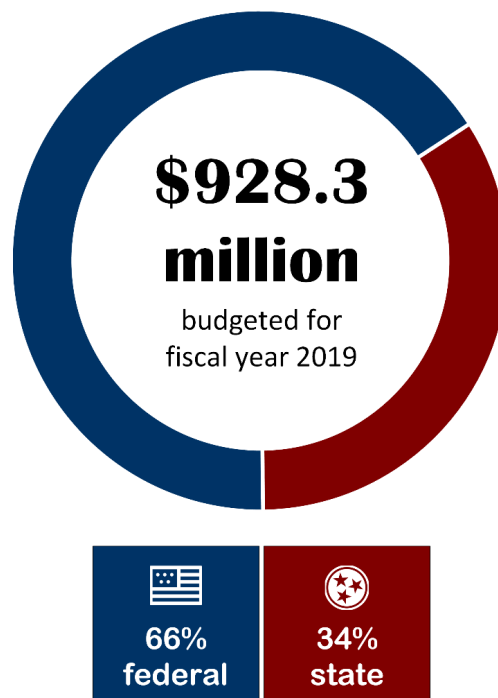
In Tennessee, Medicaid provides funding for home- and community-based services waivers, along with the intermediate care facilities. The Medicaid waivers set aside certain requirements of the Social Security Act so that individuals can receive long-term care in their homes and the community as an alternative to institutional settings. The state must apply to CMS for permission to have Medicaid waivers.

As of June 2019, Tennessee operates three Medicaid waiver programs for citizens with intellectual disabilities: the statewide waiver, the comprehensive aggregate cap waiver, and the self-determination waiver. TennCare contracts with the department to operate these waiver programs. With regard to the funding breakdown for the programs, state dollars allotted to Medicaid are matched approximately 1.92:1 by federal Medicaid dollars (ratio of approximately 66% federal to 34% state, as shown in **Exhibit 2**). While the waivers closed to new enrollments on June 30, 2016, the department continues to serve individuals enrolled prior to that date.

### Employment and Community First CHOICES Program

On the day after Medicaid waivers closed to new enrollments on June 30, 2016, TennCare launched a new Medicaid program that offers long-term services and supports to individuals with intellectual and developmental disabilities. The Employment and Community First CHOICES program provides enhanced services that promote competitive, integrated employment and independent community living. TennCare contracts with the department to perform various administrative functions and services for the program, including processing applications from individuals who are not currently Medicaid eligible; managing critical incidents (such as abuse, neglect, and exploitation); and monitoring program quality.

**Exhibit 2**  
**Fiscal Year 2019 Waiver Budget**



Source: State of Tennessee Budget, Fiscal Year 2018-2019.

#### Benefits of the Employment and Community First CHOICES program include

- employment supports,
- transportation,
- personal assistance,
- skills training,
- community living,
- respite care,
- self-advocacy counseling, and
- basic dental care.

TennCare also contracts with three managed care organizations to administer the program's daily operations.

### Case Management, Family Support Program, and Seating and Positioning Clinics

The department also assists with several other types of programs for individuals with intellectual and developmental disabilities:

- Until the Medicaid waivers closed to new enrollments, the department provided case management services to individuals with intellectual disabilities who were on the department's waiting list for waiver services. See page 13 for our work relating to case management services.
- The Family Support Program is a community-based, state-funded program that provides assistance to families with a family member who has a severe or developmental disability.
- The department operates seating and positioning clinics in Arlington, Nashville, and Greeneville. The clinics produce and repair customized wheelchair components and other positioning equipment to promote comfort and positive health outcomes for individuals supported in the department's service delivery system.

## **Organizational Structure**

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### Central Office

The Department of Intellectual and Developmental Disabilities has a central office in Nashville that is responsible for administering its service delivery system and housing support functions.

The **Office of Program Operations** manages Medicaid waivers by developing community provider applications, policies, and procedures and by offering technical assistance to provider staff, ranging from program design and fiscal consultation to programmatic compliance with CMS and waiver requirements. This office is responsible for recruiting, enrolling, and training providers, and it also oversees regional operations and the department's intermediate care facilities located throughout Tennessee.

The **Office of Policy and Innovation** reviews, develops, and maintains the department's *Provider Manual*, consumer informational materials, and waiver applications and amendments.



The **Office of Accreditation and Person Centered Practice** is responsible for implementing the department's Person Centered Excellence agreement with the Council on Quality and Leadership.<sup>1</sup> The office also offers training and mentoring to help the department's

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<sup>1</sup> The Council on Quality and Leadership is a national organization dedicated to improving the quality of services and quality of life of individuals with intellectual and developmental disabilities. It serves as the department's accrediting body.

providers create better quality lives for individuals served through the means of active social roles, community connections, enhanced planning, and significant influence with independent decision-making.



The **Office of General Counsel** provides legal support and advice to the department; represents the department in judicial and administrative litigation; reviews contracts and other legal documents; and ensures departmental compliance with the Health Insurance Portability and Accountability Act. Additionally, the office oversees the Family Support Program and houses the Protection From Harm Division, which manages incidents that cause or could cause harm to a supported individual and investigates allegations of abuse, neglect, or exploitation.

In the **Office of Quality Management**, the Quality Assurance program directs and oversees qualitative surveys of contracted service providers to determine performance levels. The office's Fiscal Accountability Review Unit monitors providers that bill for services in excess of \$500,000 per year to ensure their billings are supported by appropriate documentation. Furthermore, the office is responsible for surveying the quality of services and supports at privately operated intermediate care facilities for individuals with intellectual disabilities.

The **Office of Risk Management and Licensure** responds to and evaluates allegations of criminal wrongdoing and fiscal mismanagement involving department staff and the community provider network. This unit oversees facility compliance with life safety standards.

Clinicians from various disciplines in the **Office of Health Services** educate staff, community providers, families, and other stakeholders on health issues pertinent to individuals with intellectual and developmental disabilities. Health Services staff review incident and investigation reports and death reports submitted by the regional offices and determine clinical issues to be addressed statewide from a prevention perspective.

The **Office of Civil Rights and Customer Focused Services** consists of two primary areas. The Office of Civil Rights ensures the department's compliance with federal non-discrimination laws by investigating and mediating civil rights complaints, conducting reviews, and providing technical assistance. The Office of Customer Focused Services is a resource for supported individuals and their families to improve their quality of care and quality of life and to improve the department's delivery system. Office responsibilities include receiving, investigating, and resolving complaints affecting individuals receiving departmental services and supports. The complaint resolution system addresses issues and concerns expressed by supported individuals, their families, legal representatives, paid advocates, and concerned citizens.



The **Office of Communications and External Affairs** handles public relations; media inquiries; outreach and communication with stakeholders; event planning; and the department's website and social media sites. The office works in conjunction with the department's Legislative Liaison to track legislation affecting the department and responds to lawmakers' questions and concerns. In addition, the office prepares and distributes departmental publications, including its weekly *Open Line* newsletter.



To facilitate the department’s operations, the **Office of Fiscal and Administrative Services** provides a range of business services, including budget development, fiscal support, procurement, and facilities management.

The **Office of Human Resources** oversees the department’s personnel function, including new hires, orientation, job analysis, disciplinary actions, service awards, and other employee relations activities.



An organizational chart of the department is on page 8.

### Regional Offices

Along with the central office, the department has primary regional offices in Nashville, Knoxville, and Arlington and satellite regional offices in Jackson, Greeneville, and Chattanooga (see **Exhibit 3**). The regional offices perform activities necessary for the day-to-day operation of the three Medicaid waiver programs. Functions of the regional offices include administrative services, case management, transition, clinical services, and compliance. Additionally, regional office staff perform certain intake functions for TennCare’s Employment and Community First CHOICES program.

**Exhibit 3**  
**Map of Departmental Regional and Satellite Office Locations**



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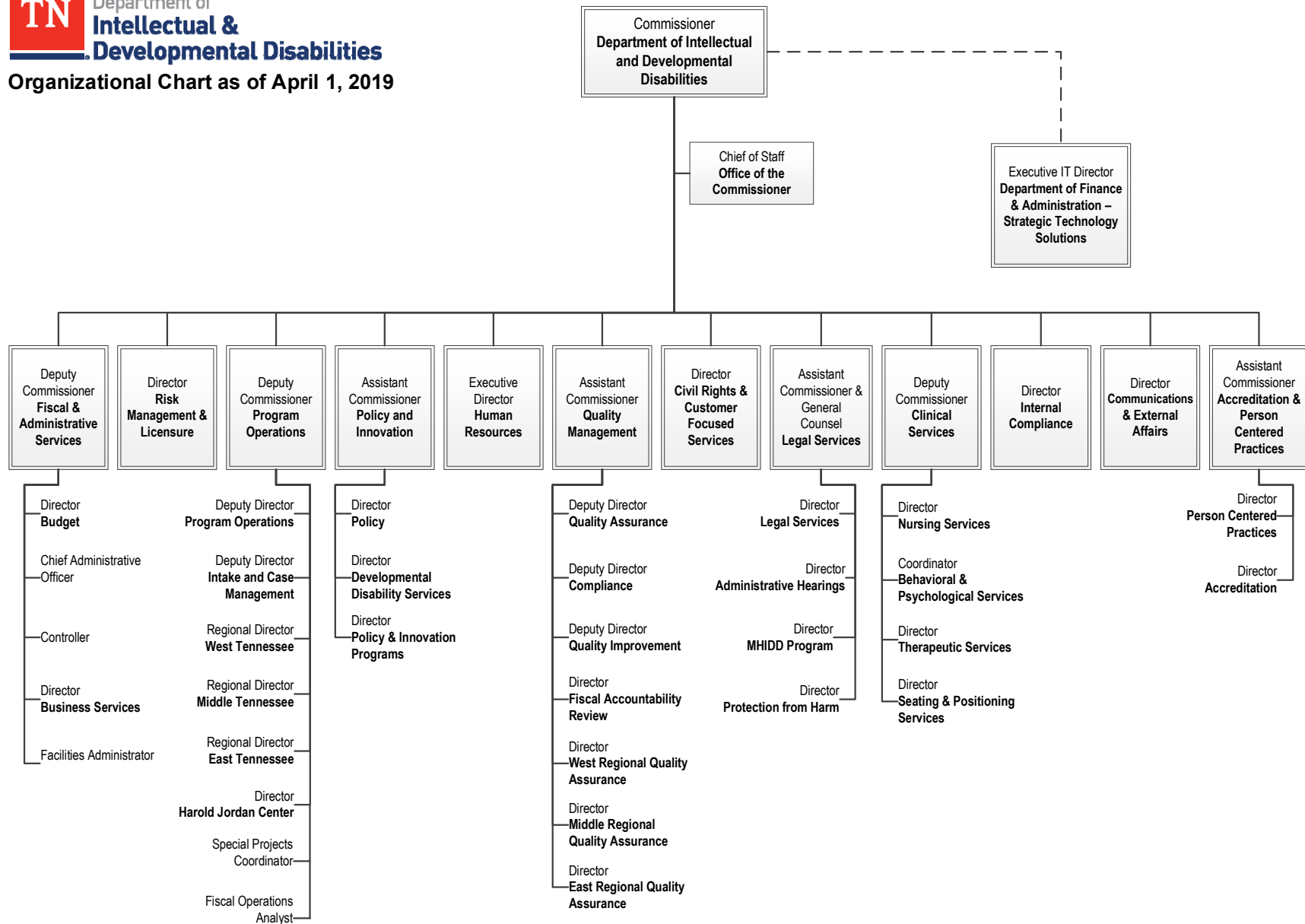
### Demographic Information

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As of May 2019, the Department of Intellectual and Developmental Disabilities served 7,447 individuals—7,292 in the Medicaid waiver programs, 140 in community homes, 11 in fully state-funded services, and 4 in Medicaid-funded Harold Jordan Center services. Of the 7,292 in the Medicaid waiver programs, the department served 4,645 through the statewide waiver, 1,541 through the comprehensive aggregate cap waiver, and 1,106 through the self-determination waiver.

The department’s Family Support Program served 4,473 individuals in 2018.

**TN** Department of  
**Intellectual &  
Developmental Disabilities**  
Organizational Chart as of April 1, 2019



Source: Auditor generated based on the department's divisional organizational charts.



## AUDIT SCOPE

We have audited the Department of Intellectual and Developmental Disabilities for the period July 1, 2017, through June 30, 2019. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

- case management services;
- the Employment and Community First CHOICES program;
- the direct support professional staffing shortage;
- Individual Support Plan development;
- integrated employment;
- Office of Risk Management and Licensure reviews;
- the Enabling Technology pilot program;
- departmental employee and volunteer background checks;
- death reviews;
- quality assurance monitoring;
- resident personal property and trust fund accounts;
- department program and administrative operations;
- information systems security; and
- Community Services Tracking system replacement.

Department management is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, policies, procedures, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. Although our sample results provide reasonable bases for drawing conclusions, the errors identified in these samples cannot be used to make statistically valid projections to the original populations. We present more detailed information about our methodologies in Appendix 1 on page 93.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## PRIOR AUDIT FINDINGS

### REPORT OF ACTIONS TAKEN ON PRIOR AUDIT FINDINGS

Section 8-4-109(c), *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The prior audit report was dated November 2017 and contained 14 findings. The Department of Intellectual and Developmental Disabilities filed its corrective action report with the Comptroller of the Treasury on January 12, 2018, and its 6-month follow-up report with the Comptroller of the Treasury on May 29, 2018. We conducted a follow-up of the prior audit findings as part of the current audit.

### RESOLVED AUDIT FINDINGS

The current audit disclosed that the Department of Intellectual and Developmental Disabilities resolved the following previous audit findings concerning the department's

- provision of case management services;
- efforts to promote the Employment and Community First CHOICES program;
- Office of Risk Management and Licensure reviews;
- volunteer screening;
- disposition of personal funds of supported individuals following their death or transfer from the department's facilities; and
- ongoing monitoring of assets and income of supported individuals for Medicaid eligibility.

### REPEATED AUDIT FINDINGS

#### Repeated Findings

The prior audit report also contained findings stating that Department of Intellectual and Developmental Disabilities management

- did not perform critical background and registry checks timely or at all for its employees directly caring for individuals with intellectual disabilities;
- did not implement the internal controls necessary to keep track of the belongings of individuals in the department's care; and

- did not provide adequate internal controls in five specific areas.

The current audit disclosed that

- for its employees directly caring for individuals with intellectual disabilities, the department hired a person with a conviction who should not have been hired, again did not correctly perform a sex offender registry check, and still did not conduct work history and personal reference checks;
- despite improving its management of individuals' personal property, the department again did not perform regular inventories; and
- the department did not provide adequate internal controls in three specific areas.

These findings are repeated in the applicable sections of this report.

#### Repeated Prior Finding Conditions as Current Observations

The prior report also contained findings stating that

- the department did not properly develop or review Individual Support Plans in some instances;
- the department and its providers did not complete required death reviews timely;
- weaknesses existed within the system the department designed to ensure that individuals with intellectual disabilities receive high-quality care;
- the department's policy for granting exemptions for people with criminal records to work with vulnerable individuals contained both design and implementation flaws; and
- the department lacked adequate internal controls over the use of Resident Trust Fund accounts to make purchases.

The current audit disclosed continuing issues in these areas, which we have reported as observations in the applicable sections of this report.

#### Prior Reported Observations Elevated to Current Findings

We followed up on selected observations from our prior report, including observations stating that

- the department actively participates in federal and state integrated employment initiatives but has only recently begun collecting comprehensive data to evaluate its success; and

- after 23 years and over \$18 million spent, the department has progressed toward replacing its antiquated Community Services Tracking system, despite suffering additional setbacks and missed deadlines since our last audit.

These observations are repeated as findings in the applicable sections of this report.

# Service Delivery System Program Areas



## SERVICE DELIVERY SYSTEM PROGRAM AREAS

The Department of Intellectual and Developmental Disabilities' service delivery system comprises a range of programs designed to enhance the quality of life of Tennesseans with disabilities. The department's programs include three home- and community-based services Medicaid waivers; the Enabling Technology program; and the Employment First initiative. The department also provides administrative functions and services for the Employment and Community First CHOICES program under an interagency agreement with the Division of TennCare. We focused our audit work on a selection of components from the department's service delivery system: **case management, Employment and Community First CHOICES, direct support professionals, Individual Support Plans, integrated employment, risk management, and Enabling Technology.**

### Case Management

The Division of TennCare contracts with the department to administer the three Medicaid waivers for individuals with intellectual disabilities: statewide, comprehensive aggregate cap, and self-determination. The department closed the waivers to new enrollments on June 30, 2016, to usher in TennCare's Employment and Community First CHOICES program for people with intellectual and developmental disabilities. Until the Medicaid waivers closed to new enrollments, the department operated a waiting list for waiver services and provided case management services to individuals on that list. The department was also responsible for identifying individuals eligible for the Aging Caregiver Program, which provided expedited waiver enrollment based on the advanced age of a person's caregiver.

The department closed its Medicaid waivers to new enrollments in June 2016 but continues to serve existing waiver members.

Although the department no longer accepts new waiver enrollments, it continues to serve individuals enrolled in the three waivers prior to the closure date. The department's oversight includes case management to help self-determination waiver members identify, select, and coordinate services.<sup>2</sup> The department additionally continues to identify prospective Aging Caregiver Program beneficiaries, who receive priority enrollment in TennCare's Employment and Community First CHOICES program.

### Results of Prior Audit

A finding in our November 2017 performance audit focused on the department's provision of case management services to individuals on the waiting list for Medicaid waiver services. We noted that the department did not always assign a case manager or make adequate contact with individuals on the waiting list. We also found that management did not collect caregiver age information from everyone on the waiting list to determine eligibility for the Aging Caregiver Program. Furthermore, the department did not transmit information about individuals with an aging caregiver to TennCare following the closure of the Medicaid waivers.

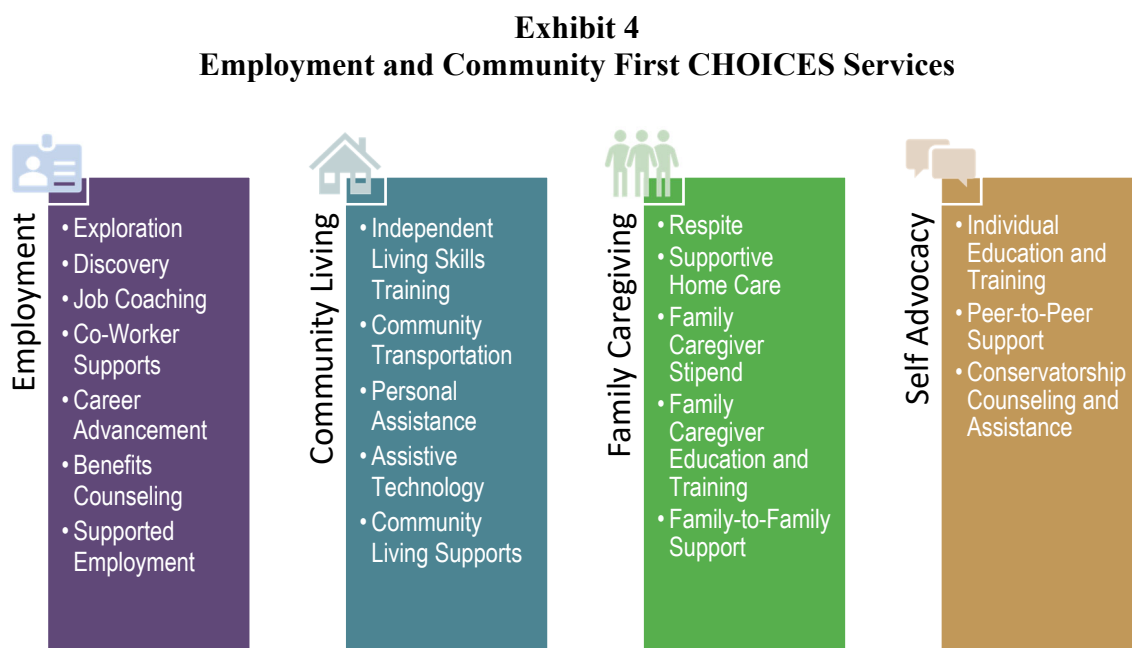
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<sup>2</sup> The department's case management services are only available to self-determination waiver members. Members of the comprehensive aggregate cap and statewide waivers receive case management services from private organizations known as Independent Support Coordinators.

Because the department’s responsibility for waiting list case management ceased with the waivers’ closure, we focused our current audit work on the department’s provision of case management services to individuals in the self-determination waiver. We also reviewed the department’s identification and transmission of aging caregiver information to TennCare to evaluate priority enrollment for Employment and Community First CHOICES.

## **Employment and Community First CHOICES**

After the department closed its home- and community-based services Medicaid waivers to new enrollments, TennCare launched a new program—Employment and Community First CHOICES—that provides services to help people gain independence, find and keep a job, and be an active community member. **Exhibit 4** lists some of the services available in the program.



Source: Auditors created with data from TennCare’s Employment and Community First CHOICES Member Benefit Table.

Employment and Community First CHOICES filled two critical gaps in the Medicaid waiver service delivery system:

1. extended eligibility to populations excluded from the Medicaid waivers, such as individuals with developmental disabilities other than intellectual disabilities; and
2. prioritized enrollment for individuals whose goals align with the program’s employment and community living focus, whereas the Medicaid waivers had a lengthy waiting list with the capacity to serve only those in crisis and with the most intense needs.

TennCare contracts with the department to perform various administrative functions and services for the Employment and Community First CHOICES program, including processing

applications from individuals without existing Medicaid coverage, managing critical incidents, and monitoring program quality.

### Results of Prior Audit

Our November 2017 performance audit report included a finding identifying problems with the department and TennCare's management of the launch of Employment and Community First CHOICES. Specifically, we noted that the department did not alert TennCare to individuals on the Medicaid waiver waiting list who might have qualified for immediate program enrollment. We also found that TennCare's initial correspondence to individuals on the waiting list about the program contained confusing and conflicting information. Finally, we disclosed that the Employment and Community First CHOICES program had 316 of 1,700 enrollment slots unfilled at the end of its first year in operation. Since the department and TennCare shared responsibility for this finding, we followed up on TennCare's corrective actions in our December 2018 Division of TennCare performance audit report.

### Direct Support Professionals

The department's service delivery system relies on a frontline workforce of caregivers, also known as direct support professionals, whose duties vary according to the unique needs and abilities of the supported individual but generally include assistance with activities of daily living such as eating, bathing, grooming, toileting, medication administration, health maintenance, employment supports, social engagement, and money management.

Direct support professionals assist individuals with intellectual and developmental disabilities with activities of daily living.

The department's Medicaid waivers depend on private provider agencies, who employ direct support professionals to deliver services to program participants in their homes or in community settings. Under this model, the department reimburses providers at fixed rates. The department calculates the rates to cover providers' costs such as wages, benefits, and overhead. Providers, in turn, use the reimbursements to pay their direct support professional employees. The Division of TennCare operates its Employment and Community First CHOICES program in a similar fashion. In addition, the department directly employs direct support professionals in its community homes and the Harold Jordan Center.

### Results of Prior Audit

We first reported that the department faces a critical workforce shortage of direct support professionals in our November 2017 performance audit. We cited factors driving the crisis, including stagnant Medicaid waiver rates resulting in comparatively low pay; work stress; and high competition among multiple industries for entry-level workers. Our report cataloged the department's and the Division of TennCare's efforts to mitigate the crisis through pay increases and workforce development initiatives.



## **Individual Support Plans**

Federal guidelines prescribe the development of a “plan of care” for all individuals receiving Medicaid waiver services. The department fulfills this requirement via the Individual Support Plan (ISP), which must provide a comprehensive description of the person supported and the services required to meet his or her needs. According to the department’s *Provider Manual*, the ISP is “a person-centered document that provides an individualized, comprehensive description” of the person supported, along with guidance for “achieving quality and person-centered outcomes important to and for the person to develop and maintain a good quality of life.”



Source: The Council on Quality and Leadership.

Department staff coordinate with other parties to develop an annually updated ISP for each individual enrolled in waiver services.

The individual supported and a group of trusted people, such as his or her family members, conservator, and support staff, form the Circle of Support. An Independent Support Coordinator or a Case Manager facilitates the development of the ISP with the Circle of Support. Independent Support Coordinators assist individuals on the comprehensive aggregate cap waiver and the statewide waiver, while Case Managers assist individuals on the self-determination waiver.

To ensure that the individuals are satisfied with services and have identified any need for ISP amendments, the department’s *Provider Manual* and Policy 80.3.4, “Authorization of Services,” stipulate that Independent Support Coordinators and Case Managers meet with the individual and review the ISP at least once each month, documenting each review on the Monthly Documentation Forms with a dated signature. Case Manager requirements differ slightly—they must complete at least one face-to-face visit each quarter with self-determination waiver participants, unless the ISP specifies more frequent visits.

## **Integrated Employment**

In *Olmstead v. L.C.*, the U.S. Supreme Court decided in 1999 that mental illness is a form of disability and that “unjustified isolation” of a person with a disability constitutes discrimination under Title II of the Americans with Disabilities Act. The ruling required states to eliminate unnecessary segregation of individuals with disabilities and to ensure that population receives services. In 2009, the U.S. Department of Justice’s Civil Rights Division launched an effort to enforce the Supreme Court’s decision in *Olmstead v. L.C.*

Eight named individuals, along with United Cerebral Palsy of Oregon and Southwest Washington, filed a class action lawsuit (*Lane v. Kitzhaber*, later renamed *Lane v. Brown*) in January 2012 on behalf of themselves and other individuals with intellectual and developmental disabilities who were either in or had been referred to sheltered workshops, in which individuals receive subminimum pay in segregated settings.

In June 2012, the U.S. Department of Justice issued a findings letter to Oregon’s Attorney General that stated the following:

The State [Oregon] plans, structures, and administers its system of providing employment and vocational services in a manner that delivers such services primarily in segregated sheltered workshops, rather than in integrated community employment. Sheltered workshops segregate individuals from the community and provide little or no opportunity to interact with persons without disabilities, other than paid staff.

### Exhibit 5 Employment First Task Force Goals

## TASK FORCE GOALS

As part of the 2018 Employment First Strategic Plan, the goal of the task force is to:

- 1 ALIGN SERVICE DELIVERY SYSTEMS**  
Align service delivery systems and strengthen coordination to increase employment opportunities for Tennesseans with disabilities
- 2 BUILD COMMUNITY COMMITMENT**  
Build shared community commitment to Employment First
- 3 INCREASE HIRING**  
Increase the number of employers that hire people with disabilities
- 4 MAKE TENNESSEE A MODEL EMPLOYER**  
Make Tennessee state government a model employer of people with disabilities
- 5 PREPARE STUDENTS FOR SUCCESS**  
Prepare students for employment and post-secondary success

Source: Auditor generated from Tennessee Employment First Task Force information.

In response to the national trends, on June 19, 2013, the Governor of the State of Tennessee signed Executive Order No. 28, *An Order Establishing the Tennessee Employment First Initiative to Expand Community Employment Opportunities for Tennesseans With Disabilities*. The order directs state agencies to coordinate efforts to increase opportunities for integrated and competitive employment<sup>3</sup> for Tennesseans with intellectual and developmental disabilities, mental illnesses, substance abuse disorders, and other disabilities. The order also directs the Tennessee Department of Intellectual and Developmental Disabilities to convene an Employment First Task Force.

The Employment First Task Force and the department subsequently convened to create and expand employment opportunities for all Tennesseans with disabilities. Their vision is for people with disabilities to have equal access to employment opportunities. **Exhibit 5** enumerates the task force's goals.

The Employment First Task Force continued to move forward after its creation in 2013. While the statewide Employment First movement has made tremendous progress, significant

challenges still exist. Those include the continued workforce crisis among direct support professionals who support people with disabilities, as described above. Furthermore, while

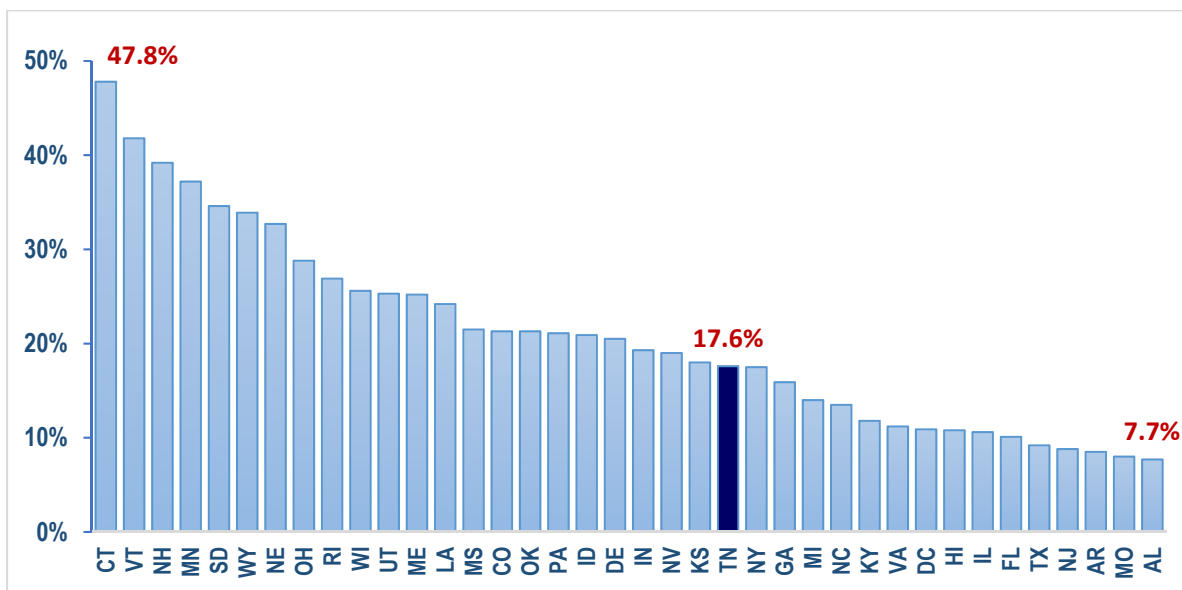
<sup>3</sup> According to the Workforce Innovation and Opportunity Act, competitive integrated employment is defined as “full or part-time work at minimum wage or higher, with wages and benefits similar to those without disabilities performing the same work, and fully integrated with co-workers without disabilities.”

policies and practices have been amended statewide, local implementation remains a challenge. The availability of resources to expand successful employment programs to all who want to work also continues to be a major focus area for the task force, advocacy groups, and other stakeholders.

A significant gap remains between the statewide employment rate among all Tennesseans and the employment rate for people with disabilities. Despite positive gains in the overall general workforce, people with disabilities have not seen a proportional increase. This situation highlights the need not only for increased outreach to employers about the contributions people with disabilities can make to the workforce, but also outreach to people and their families to address continued misconceptions about competitive integrated employment (for example, fears of working in the community and lack of education or training).

In addition, the department continues to participate in the National Core Indicators Survey.<sup>4</sup> National Core Indicators released an updated report with the 2016–2017 results from 38 participating states. Of the 38 states, Tennessee ranked 23rd with an integrated employment rate of 17.6%. The 2018 national average was 20.9%. See **Chart 1**.

**Chart 1**  
**Percentage of People Engaged in Integrated Community Employment for 2016–2017**



Source: National Core Indicators, <https://www.statedata.info>.

## **Risk Management**

The department's Office of Risk Management and Licensure functions to protect supported individuals and other state citizens against unlicensed service providers; unsafe environments; inadequate education and training of personnel; physical and mental abuse; and any unscrupulous

<sup>4</sup> The National Core Indicators program is a voluntary effort by state developmental disability agencies to track their performance using a standardized set of consumer and family surveys with nationally validated measures. This effort is coordinated by the National Association of State Directors of Developmental Disabilities Services and the Human Services Research Institute.

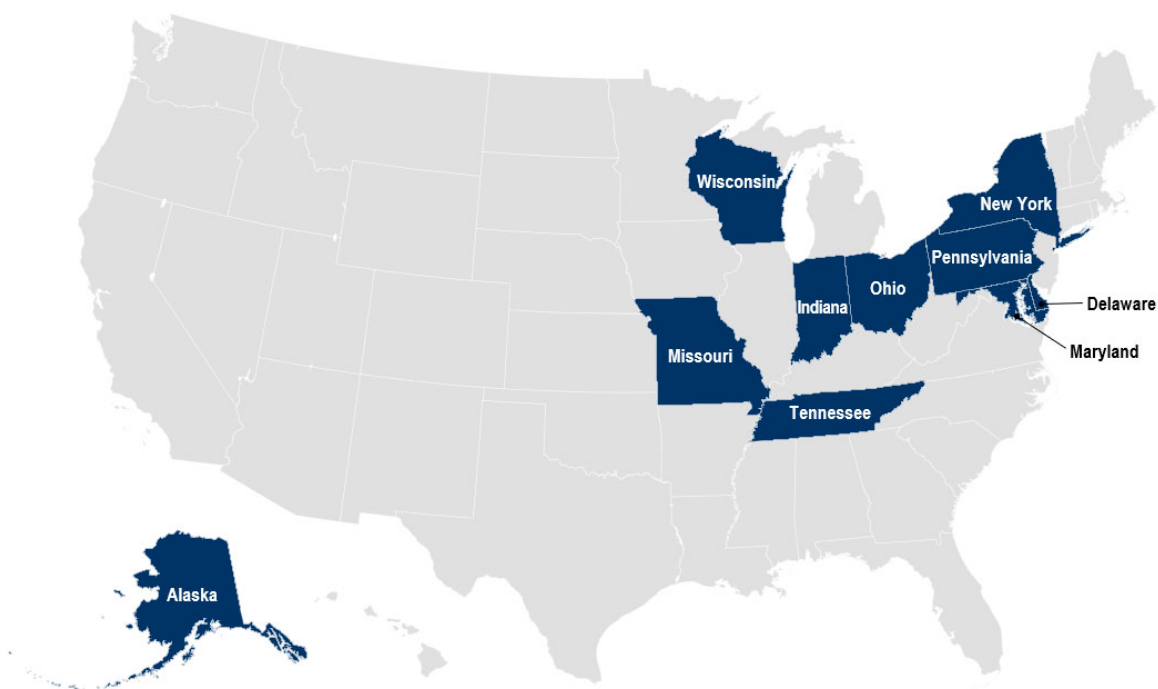
acts deemed detrimental to the treatment and general welfare of individuals with intellectual and developmental disabilities.

We concentrated our testwork on the office's Risk Management Unit, which is responsible for monitoring the department's internal operations.

### **Enabling Technology**

In July 2018, the department received a \$500,000 legislative appropriation to launch an Enabling Technology pilot program. The program aims to use assistive technology to increase individual independence and decision-making capabilities, in turn improving the quality of life, personal growth, and satisfaction of supported individuals. As of May 2019, the program had 14 participants with the capacity to serve up to 64 participants. The department is 1 of 10 state service systems that have publicly shown interest in developing assistive technological supports for people with disabilities. In winter 2018, the department created a consortium of these 10 states to discuss ideas and project progression for building Enabling Technology programs across member states (see **Exhibit 6**).

**Exhibit 6**  
**Members of the Consortium of Technology States**



Source: Department of Intellectual and Developmental Disabilities Consortium of Technology States list of member states.

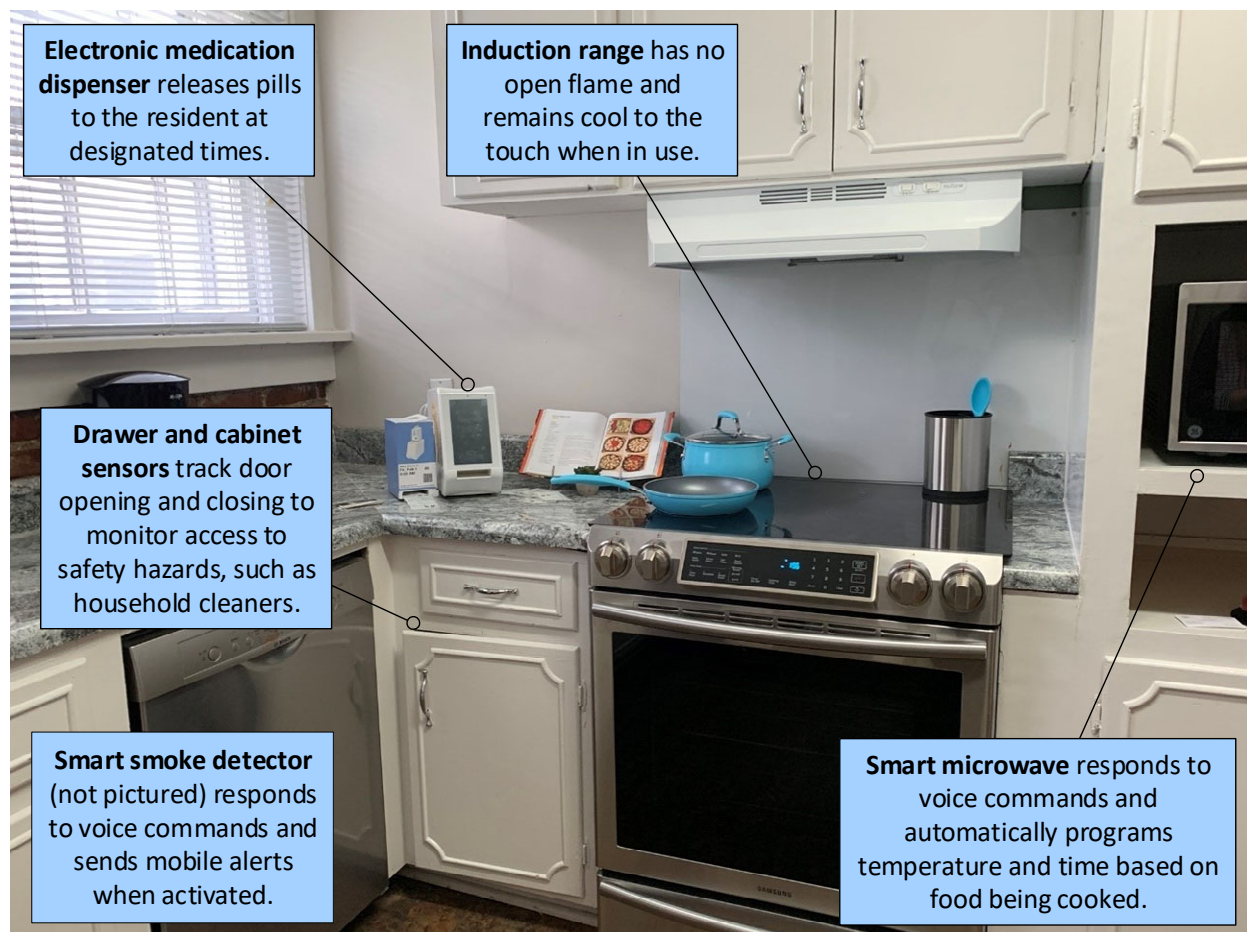
### **Enabling Technologies Offered**

The department established model homes in Nashville and Greeneville to demonstrate the kinds of assistive devices available to Enabling Technology program participants, including

- smart doorbells;
- voice-activated smoke and carbon monoxide alarms;
- drawer and cabinet sensors;
- smart kitchen appliances;
- electronic medication dispensers;
- chair lifts with remote and voice controls;
- touch-, voice-, and motion-activated lighting; and
- bed sensors.

**Exhibit 7** presents a selection of technologies displayed in the kitchen of the Nashville model home.

### **Exhibit 7 Enabling Technology Model Home Kitchen**



Source: Auditor photograph.

In addition to assistive devices, Enabling Technology participants may qualify for remote supports in which a caregiver provides assistance from a separate location using enabling technology.

For example, participants may set sensors that alert remote support professionals to contact the participant, such as when the doors to the home open or close or when the oven is turned on.

All individuals who participate in the Enabling Technology program must have an Enabling Technology Care Plan. This plan is separate from the person's Individual Support Plan and Behavior Support Plan<sup>5</sup> and is the department's mechanism to ensure the safety of individuals who rely on assistive technology and remote supports. The Enabling Technology Care Plan lists the person's routines, abilities, specific technology used, remote caregiving schedule, and backup plans in case of emergency.

### Enabling Technology Application Process

To administer the Enabling Technology program, the department entered into Memorandums of Understanding with eight of its waiver providers. The providers are responsible for selecting candidates for technological supports based on each individual's needs and abilities identified through conversation with the person supported and his or her family. In case an Enabling Technology participant opts to have remote support professionals monitor the home, the provider agency must ensure that the remote support staff review the participant's personal information, including the Individual Support Plan, the Behavior Support Plan, and the Enabling Technology Plan, and complete all trainings required by the department.

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## Audit Results

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- 1. Audit Objective:** Did the department correct the November 2017 finding by allocating reasonable workloads to case managers, collecting aging caregiver information from individuals applying for services, and referring individuals eligible for the aging caregiver program to TennCare?

**Conclusion:** Based on our testwork, we determined the department corrected the prior finding.

- 2. Audit Objective:** Did the department correct the prior finding by addressing the concerns that emerged before, during, and after the launch of Employment and Community First CHOICES?

**Conclusion:** Based on our review of enrollment and referral data and outreach efforts, we determined that the department corrected the prior finding and that as of April 15, 2019, the program had 2,700 of its 3,000 slots filled, with 154 slots held for members pending enrollment and the remaining slots set aside for people with emergent needs or an aging caregiver. We will follow up on Employment and Community First CHOICES enrollment in the next sunset audit of the Division of TennCare.

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<sup>5</sup> We describe Individual Support Plans on page 16 of this report. A Behavior Support Plan is a personalized plan to help waiver members build positive behaviors or overcome challenging behaviors.



3. **Audit Objective:** Did the department take action to address the prior emerging issue involving a critical shortage of caregivers for individuals with intellectual and developmental disabilities?

**Conclusion:** Although the department attempted to alleviate the critical shortage of caregivers, the crisis persists. See **Emerging Issue**.

4. **Audit Objective:** Did the department correct the prior finding by properly developing Individual Support Plans for individuals receiving services through the Medicaid waiver?

**Conclusion:** Our testwork disclosed that the department corrected three of the four conditions noted in the prior finding. We still identified, however, that the department did not complete the Circle of Support's planning meeting sheets by including all attendees' affiliation and signatures. See **Observation 1**.

5. **Audit Objective:** Did the department correct the prior observation by collecting comprehensive data on integrated employment to evaluate its success?

**Conclusion:** While the department did collect information on four data points, management and staff did not verify the data for accuracy used in evaluating the success of integrated employment. See **Finding 1**.

6. **Audit Objective:** Did the department correct the prior 2017 finding by performing annual reviews of problematic areas?

**Conclusion:** We determined that we would not repeat the prior finding because, based on our testwork, the department did perform annual reviews of problematic areas.

7. **Audit Objective:** Did the department ensure remote caregivers in its Enabling Technology program completed required training?



**Conclusion:** Our testwork disclosed that caregivers working for one of the department's Enabling Technology program vendors did not complete all required training prior to providing remote supports. See **Finding 2**.

**Emerging Issue – As reported in our prior audit, Tennessee still faces a critical shortage of caregivers for individuals with intellectual and developmental disabilities**

Tennessee, like other states, continues to face a crisis-level shortage of direct support professionals to assist individuals with intellectual and developmental disabilities. After we noted this shortage in our November 2017 audit, the Department of Intellectual and Developmental Disabilities and the Division of TennCare have acted to mitigate the crisis by obtaining funding increases for worker pay, developing workforce expansion programs, and exploring technological alternatives to traditional caregiving. **Exhibit 8** lists the agencies' efforts to address the shortage.

## Exhibit 8

### State Efforts to Address the Shortage of Direct Support Professionals

		
Obtained Medicaid waiver rate increases	✓	
Changed blended home rate methodology	✓	✓
Planned workforce development programs	✓	✓
Designed a learning community initiative		✓
Implemented an Enabling Technology pilot program	✓	

Despite these actions, we noted that the problem may worsen as the demand for direct support professionals increases. Without reliable and consistent caregivers, individuals with intellectual and developmental disabilities suffer diminished quality of care and risk losing access to life-sustaining services. The workforce crisis also puts pressure on private provider agencies, which are a key component of the state’s service delivery system for individuals with disabilities.

#### Medicaid Waiver Rate Increases

Department and provider management attested that low wages stemming from stagnant Medicaid waiver reimbursement rates remained the primary cause of the direct support professional shortage. We noted in our prior audit the department’s provider reimbursement rates valued direct support professional labor at \$9.15 per hour—a wage that had increased by only \$0.65 in 10 years.

Since our prior audit, the department secured \$49 million in state and matching federal funds in fiscal year 2019 to improve provider reimbursement rates. Former Governor Bill Haslam and the Tennessee General Assembly specifically targeted the money toward increasing direct support professional wages in the Medicaid waivers. Furthermore, the legislature classified the funding as nonrecurring and emphasized that a permanent rate increase would depend on the results of a salary survey by the Comptroller of the Treasury’s Office of Research and Education Accountability (OREA). The OREA report, released in January 2019, concluded that the legislative appropriation resulted in the average hourly wages of direct support professionals working in the state’s Medicaid waiver programs increasing from \$9.77 to \$10.36. We list highlights from OREA’s *Survey Concerning Wages of Direct Support Professionals* in **Exhibit 9**.



**Exhibit 9**  
**Highlights From the Comptroller's Office of Research and Education Accountability**  
***Survey Concerning Wages of Direct Support Professionals***

**92%**

of the department's Medicaid waiver providers participated in the Comptroller's salary survey.

**94%**

of agencies spent the increase only toward direct support professional compensation.

**35%**

of agencies already paid direct support professionals an average wage of \$10 per hour or more before the rate increase.

**71%**

of agencies paid an average wage of \$10 per hour or more after the rate increase.

**81%**

of agencies surveyed gave raises to all direct support professionals, while other agencies targeted select groups for raises (for example, those working hard-to-staff shifts).

Surveyors found no indication that any agency spent funds intended for raising direct support professional wages on executive-level salaries.

**Source:** [https://comptroller.tn.gov/content/dam/cot/orea/documents/orea-reports-2019/DIDD\\_Full\\_Report.pdf](https://comptroller.tn.gov/content/dam/cot/orea/documents/orea-reports-2019/DIDD_Full_Report.pdf).

Despite the results of the OREA survey, department management's fiscal year 2020 budget request did not ask for recurring funding to maintain the existing rate for future years. The Deputy Commissioner of Fiscal and Administrative Services said that the department chose not to make such a request because the department was unsure of the priorities of the newly elected Governor and legislature. Instead, the department presented the cost of a 1% increase to Governor Bill Lee so he could determine how much he wanted to put toward the rates. Governor Lee and the legislature ultimately opted to recommit the prior-year funding and appropriated half of the state funds as recurring.

Providers said the Medicaid rate increase helped the direct support professional crisis by improving vacancy rates, reducing turnover, and attracting male job applicants. **Overall, however, providers said they still cannot compete with starting wages offered by fast food outlets and chain retailers.**

Providers we interviewed said they were grateful for the reimbursement increase in fiscal year 2019 and the renewal for fiscal year 2020. Agency representatives attested to slight decreases in vacancies and improvements in staff retention. Several agency representatives told us that the pay raise attracted more male applicants, whom providers have historically struggled to recruit. Overall, however, providers said that they still cannot compete with entry-level wages as high as \$15 per hour at fast food outlets and chain retailers. They also noted that the existing reimbursement rates still lack room for future pay increases, resulting in seasoned direct support professionals earning only slightly more than new employees. The department's Deputy Commissioner of Program Operations acknowledged that the crisis is ongoing despite the rate increase

and that more money is needed to alleviate workforce concerns.

The department's 2018 Financial Integrity Act risk assessment lists a diminished provider network as a risk to department functions, stating that the department "will see its waiver provider network shrink to unacceptable levels in certain geographic areas because of an inability to pay competitive rates for services." The risk assessment determined the key control was the department's efforts to grow the provider network and request rate increases as needed and listed this control as effective, reducing the risk likelihood from "medium" to "low." Based on our interviews with the department and its providers, however, we determined that this risk has not been greatly reduced and remains an ongoing threat to department functions.

#### Blended Home Rate Methodology Changed

In addition to obtaining Medicaid waiver rate increases, the department and the Division of TennCare removed a rule that penalized providers of residential supports in blended homes. A blended home is one shared by Medicaid waiver enrollees and Employment and Community First CHOICES members. Previously, waiver providers received lower total reimbursement for delivering residential services in blended homes compared to homes occupied entirely by waiver members. Providers attested that this disparity caused them to turn away Employment and Community First CHOICES members to avoid the reduced blended home rate. Since the change, the department reimburses providers for residential waiver services regardless of Employment and Community First CHOICES members living in the same home. As a result, waiver service providers have more funding for blended home residents, meaning they can pay their direct support professionals more.

#### Workforce Development Programs

During our audit period, the department and the Division of TennCare explored non-monetary ways to recruit and retain direct support professionals. Our November 2017 audit reported that TennCare was developing a workforce expansion program for direct support professionals to earn certifications and college credit by completing industry education and



training. TennCare management envisioned that direct support professionals with these qualifications would eventually have access to more advanced job opportunities and higher compensation. As of May 2019, TennCare's Chief of Long-Term Services and Supports stated that the program is fully developed, pilot tested, and anticipated to launch in fall 2019 in vocational schools and community colleges throughout the state. She explained that TennCare set up the program to work with the Tennessee Reconnect<sup>6</sup> grant to minimize costs to the participant.

Providers expressed concerns that the department and TennCare were separately creating workforce development programs, which could result in duplicated trainings and excessive demand on direct support staff time.

While providers acknowledged this program has the potential to elevate and professionalize direct support work, they expressed concern that the department and TennCare are not working together on this initiative. The Deputy Commissioner of Program Operations informed us that the department is currently designing its own workforce development program, which he described as more focused on detailed subject matter rather than a high-level overview of direct support work. Providers already struggle to schedule sufficient workers for the number of people supported and are worried that two separate, extensive training programs will take more time from direct

support staff. The department and TennCare should partner on workforce development efforts to ensure that training programs do not contain excessive amounts of overlapping material.

### Learning Community

Our November 2017 audit noted TennCare's efforts to create a web-based learning community for individuals receiving services, as well as their family members, providers, direct support professionals, and other stakeholders. TennCare management told us that since the prior audit, TennCare has refocused the learning community on direct support professionals. Furthermore, the learning community is no longer planned as a web-based project, though management added that TennCare may eventually develop web-based components to support the program. TennCare's Chief of Long-Term Services and Supports also told us that TennCare has continued its System Transformation Initiative, which brings together key stakeholders to share information, ideas, training, and best practices with the goal of continued development of person-centered practices across the Medicaid waivers and Employment and Community First CHOICES.

### Enabling Technology Pilot Program

Since our prior audit, the department launched its Enabling Technology program to help supported individuals exercise more independence and choice. The program provides grant funding for technology to assist with activities of daily living, such as an electronic dispenser that delivers medication at predetermined intervals. We describe the Enabling Technology program in detail on page 19 of this report.

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<sup>6</sup> Tennessee Reconnect is a state grant to help adults pursue an associate degree or occupational credential at a technical college or Tennessee community college. The grant pays the balance of tuition and mandatory fees remaining after applying state and federal financial aid. Beneficiaries may also use grant funds to help offset associate degree tuition at an eligible public or private college or university.

The Deputy Commissioner of Program Operations stated that the department designed Enabling Technology to make independent living accessible and affordable, not to replace or change the role of direct support professionals. Beneficiaries of the program, however, have decreased their reliance on human caregivers. One program participant we met used to rely on direct support professionals 24 hours a day but lives independently since receiving his technology grant. As of May 2019, the department had 14 participants in the program with the capacity to serve up to 64 individuals. Future program expansion could help reduce waiver members' direct support needs, thereby relieving the strain on providers' labor resources.

### New Legislation

Effective April 4, 2019, the 111th Tennessee General Assembly passed legislation to exempt from licensure direct support professionals who provide consumer-directed<sup>7</sup> services to up to three waiver members. Previously, state law required these workers to obtain a license if they served more than one waiver member. On top of low direct support professional wages, the initial licensure application fee of \$810 is another financial burden. By establishing the exemption, the General Assembly removed an administrative barrier that may have deterred workers from the profession.

### Increasing Demand for Direct Support Professionals

The department's severe workforce shortage could worsen as governmental experts predict demand for these workers will escalate in the future. Direct support professionals are vital to sectors other than intellectual and developmental disability services, such as aged care and special education. As we noted in our prior audit, the aging baby boomer population and the increasing number of school-age children with autism spectrum disorder will require increased direct support professional services, further straining the labor supply.

Changes in the department's operating environment also threaten to increase demand for direct support professionals. The federal Centers for Medicare and Medicaid Services promulgated a new "settings rule" that raises standards for individual choice, control, and community integration in Medicaid-funded long-term care programs. Under the rule, providers must allow individuals to control their own schedules, including access to food, at all times. This will increase labor costs as providers must ensure adequate direct support professional staffing to accommodate individuals' choices to participate in planned and unplanned activities. The department's Medicaid waivers and the Employment and Community First CHOICES program must demonstrate compliance with this rule by March 17, 2022; failure to do so could jeopardize the state's federal Medicaid funding for home- and community-based services.

### Conclusion

The direct support professional workforce crisis in Tennessee poses serious implications for the quality of life of individuals with intellectual and developmental disabilities, as well as the viability of provider agencies that enable people with disabilities to live at home or in community

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<sup>7</sup> Consumer direction, an option available in the self-determination waiver, allows the waiver member to directly manage his or her own services, including hiring and supervising employees.

settings. While the work of the department and its partners has improved the situation since our last audit, direct support professional recruitment and retention issues continue to threaten the quality of care received by people with disabilities in Tennessee. The department should continue to work with TennCare to explore innovative solutions, as workforce demands will only increase in years to come.

**Observation 1 – The department improved the Individual Support Plan process since the prior audit, but it did not always ensure that Planning Meeting Signature Sheets were completed**

The individuals the Department of Intellectual and Developmental Disabilities serves through the Medicaid waiver may need continuous assistance with basic daily activities, such as dressing, eating, and grooming. The only way for these individuals to communicate their desires may be through their Individual Support Plan (ISP). If the ISP's Planning Meeting Signature Sheet is incomplete, it could detrimentally impact the delivery of services needed to achieve the individual's vision of a preferred life.

**Result of Prior Audit**

In our November 2017 performance audit report, we identified problems of the department not properly developing or reviewing ISPs. Specifically, we found that the department

1. did not identify goals and outcomes that were appropriate or measurable and would lead the individual to acquiring a new skill or enhancing existing skills;
2. did not include the affiliation of at least one Circle of Support attendee;
3. had deficiencies with monthly documentation forms and face-to-face visits (such as staff not providing forms or the forms not being signed and/or dated); and
4. did not relay the corresponding Annual ISP Review Forms.

In response to the prior finding, management concurred. Management stated they would work toward continuous improvement of goals and outcomes; review the ISPs identified in the finding with goal and outcome deficiencies; modify the Planning Meeting Signature Sheet to include affiliation to the individual supported; and create training for Individual Support Coordinators and Case Managers that covered best practices with documentation and monthly visits.

**Results of Current Audit**

In our current audit, we found that while the department did correct three of the four prior issues, problems still existed with one issue. The department successfully implemented corrective actions to ensure goals and outcomes were appropriate or measurable; resolve deficiencies with monthly documentation forms and face-to-face visits; and communicate the Annual ISP Review Forms. For the repeated issue, we found that the department did not complete the Circle of Support's Planning Meeting Signature Sheets by including all attendees' affiliations and signatures.

According to the ISP Quality Monitoring checklist,

☐ All COS [Circle of Support] Attendees' Relationship to the person is documented on the Signature Sheet.

For 7 of the 60 individuals tested (12%), at least one Circle of Support attendee did not include his or her affiliation on the Planning Meeting Signature Sheet or the Independent Support Coordinator did not sign the sheet, representing an increase from the prior audit's error rate of 5%. Specifically, we found that

- one attendee did not provide an affiliation on six of the Planning Meeting Signature Sheets; and
- the Independent Support Coordinator did not sign one Planning Meeting Signature Sheet.

The Assistant Commissioner of Accreditation and Person Centered Practice stated that contracted Independent Support Coordination agencies complete the monthly documentation and ISPs and are responsible for internal quality monitoring of monthly documentation and ISPs. It appears that the issues we found were due to the Individual Support Coordinator's failure to complete documents correctly, and the reasons for these occurrences could vary based on each coordinator. For example, she noted that it is possible to forget to sign a document or to not complete a form perfectly. Some agencies have electronic records that make it much more difficult to overlook requirements, but many agencies still rely on human review.

The Independent Support Coordinators and the Case Managers should ensure Circle of Support attendees add their affiliations and sign the Planning Meeting Signature Sheet.

**Finding 1 – The department did not verify that provider agencies accurately reported integrated employment data for working service recipients; as a result, the department provided inaccurate information to the public**

On May 1, 2017, the Department of Intellectual and Developmental Disabilities officially implemented and launched a new employment data collection tool to capture a comprehensive data set—including employment status, type, wages, hours, and industry—for individuals enrolled in its Medicaid waivers. The department designed this tool to address specific challenges in eliciting full participation from providers using previous methodologies. The Employment First Task Force stated in its 2017 report, "This achievement represents an important milestone because DIDD [the department] can now establish an accurate employment baseline, highlight success areas, direct resources to areas of need, set goals and benchmarks for the state to achieve, and track progress at the state, regional, provider, and individual levels."

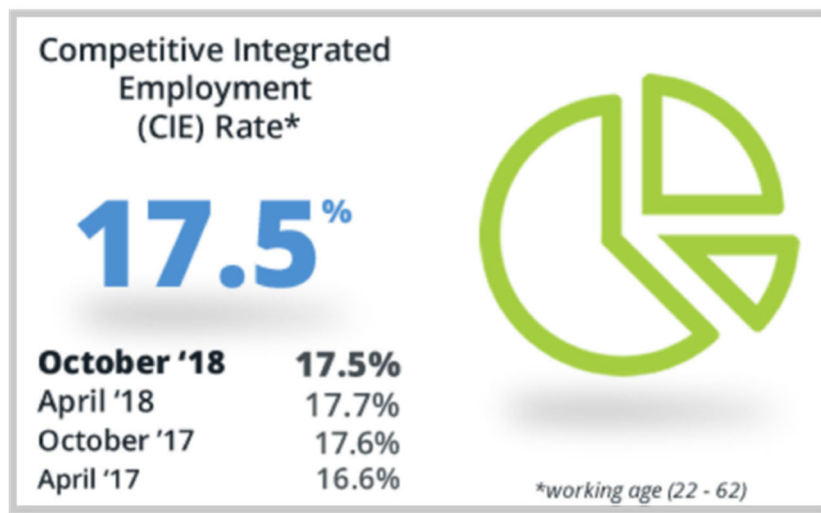
**Results of Prior Audit**

In our November 2017 audit report, we found that the department actively participated in federal and state integrated employment initiatives but had only recently begun collecting comprehensive data to evaluate its success. We stated that we would review the department's data collection methodologies and results in the next audit.

## Results of Current Audit

The department completed four data reporting periods since our last audit and published a competitive integrated employment rate of 17.5% as of October 2018. See **Exhibit 10**.

**Exhibit 10**  
**Competitive Integrated Employment Rate**



Source: <https://www.tn.gov/didd/for-consumers/employment--first/by-the-numbers.html>.

The department collects this information twice a year (in April and October) from provider agencies that have billed for a residential, day, and/or employment service<sup>8</sup> during the last six months. These provider agencies enter a recipient's employment information into the Service Provider Data Collection tool; however, we found that the department does not validate this information. Instead, the department only uses the tool to monitor its progress toward reaching the goals of the Employment First Initiative as well as the department's commitment to doubling the competitive integrated employment rate of individuals supported through the waivers by 2022.

We performed testwork to determine if the employment data provider agencies reported in the Service Provider Data Collection tool was accurate and if the agencies maintained supporting documentation.<sup>9</sup> Based on our review, the agencies did not enter accurate data or maintain supporting documentation. See **Table 1**.

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<sup>8</sup> According to the department's *Provider Manual*, residential services are provided to individuals who are not able to live in a home with family members. These services must meet the individual's needs and ensure their health and safety. An employment service is a type of day service. Some examples of day services are exploring supported employment, job shadowing, exploring volunteering opportunities, being an active member in their community, and taking a class to learn a new skill.

<sup>9</sup> Examples of supporting documentation we reviewed were paystubs, monthly payroll sheets, and timesheets.



**Table 1**  
**Inaccurate Employment Data**

	Error Rate	Problems Identified	Provider Agency Explanation
1	4 of 25 provider agencies (16%)	The provider agency did not give us documentation to support the individual's employment, or the individual was not employed even though the agency reported employment information in the tool.	Two agencies did not keep copies or the documentation maintained was not acceptable for our testwork purposes (for example, no name for the individual or the employer).  One agency stated the recipient was not employed and the employment information had been entered in error due to an oversight with using incorrect supporting documentation.  One agency did not respond to our request.
2	18 of 25 provider agencies (72%)	We noted discrepancies in the hours worked, gross income, and wage rate on the supporting documentation compared to the information entered into the tool. Additionally, we discovered that the individual's employer was not always listed in the data tool and, for one individual, the employer was listed in the data tool, but no hours or wage information was entered.	For 15 agencies, there were either rounding errors or keying errors, no information was entered into the tool for us to compare, and/or the information was not found in the supporting documentation.  For 3 agencies, the errors originated because no information was entered into the tool for us to compare or the information was not found in the supporting documentation.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* provides guidance to management on establishing and operating monitoring activities to monitor the internal control system. Principle 16, "Internal Control System Monitoring," establishes,

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

According to management, the data tool is a baseline to establish those individuals in integrated employment. Management did not design or envision a verification process for integrated employment data submitted by providers because irrefutable accuracy is not vital to the



purpose of the data. The data gives management and stakeholders insight into the trends and outcomes of the system's efforts related to integrated employment.

However, Governor Lee and the General Assembly have expressed interest in the department's integrated employment data during either budget hearings or legislative hearings. When the department gathers integrated employment data without checking for accuracy and reports this information to the public, the department risks providing inaccurate information about its progress toward integrating individuals with intellectual and developmental disabilities into a competitive employment environment. Moreover, additional individuals will be impacted if the department does not rectify this issue before changes to the waivers occur<sup>10</sup> to include quality incentives for providers to help individuals find a job, help individuals increase the number of working hours, and help individuals maintain a job. Once these waiver changes are implemented, the department would need to validate the employment information.

### **Recommendation**

The Commissioner should ensure the State Director of Employment and Day Services develops a validation process to determine the accuracy of the data reported in the Service Provider Data Collection tool. This validation process should

- verify that provider agencies answered all applicable employment questions;
- select a random sample of provider agencies and verify the accuracy of the employment information they entered in the tool; and
- ensure provider agencies understand how to report the information in the data tool and maintain supporting documentation.

### **Management's Comment**

DIDD concurs with this finding. The department appreciates the position of the Comptroller's office and recognizes the value of strengthening the information obtained from the newly developed and implemented database. We will work toward improving data while maintaining rate of participation from our provider network.

- ensuring all applicable employment questions are answered
  - The department has already held initial meetings with the developing vendor for the Employment Database and plans are underway that add a component preventing submission of incomplete data including an explanation for data not meeting request requirement.
- verifying the accuracy of responses for a sample of provider agencies, and
  - The department is exploring both automated and manual processes that will allow for a sample verification of data supplied

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<sup>10</sup> According to the department, the waiver changes should start January 1, 2020.

- conducting provider education regarding the completion of the tool and the retention of supporting documentation.
- Upon completion of system developments listed above, the Department will hold training sessions, via Webinar, for all participating provider agencies.

**Finding 2 – The department did not ensure that remote caregivers completed critical trainings before caring for an Enabling Technology program participant**

Based on our review of training records of remote caregivers supporting an Enabling Technology program participant, the Department of Intellectual and Developmental Disabilities and a provider did not ensure that 7 of 9 staff (78%) met training requirements in a timely manner. Specifically, we found that

- 6 of 9 staff (67%) completed at least one required training course after the due date; and
- 6 of 9 staff (67%) had at least one incomplete training as of May 3, 2019.

Additionally, the department could not provide evidence that any of the 9 remote care staff had completed equipment-specific training or reviewed documentation critical to the care of the individuals supported, such as the Individual Support Plan, the Enabling Technology Care Plan, or the Behavior Support Plan.

**Table 2** lists the required training courses and the percentage of staff who completed each course late or did not complete the course at all.

According to the department's *Enabling Technology Training Requirement Guidelines*, remote support staff must complete all of the selected technology vendor's training requirements. If the vendor does not have required training, then staff must complete the department's training courses listed in **Table 2**.

**Table 2**  
**Remote Caregiver Compliance With Required Trainings**

Course	Due Date <sup>11</sup>			Annual Refresher Required	Percent Late	Percent Incomplete
	Before Start	Within 30 Days	Within 60 Days			
Abuse and Neglect of Individuals With Intellectual and Developmental Disabilities		●			44%	11%
Tennessee Protection From Harm		●			44%	22%
Standard Precautions		●		●	56%	11%
Health Insurance Portability and Accountability Act		●		●	56%	—
Title VI (anti-discrimination)		●		●	22%	33%
People With Disabilities: Building Relationships and Community Memberships		●			56%	11%
Person Centered Planning for Individuals With Developmental Disabilities			●		—	33%
Principles of Positive Behavior Support for Direct Support Professionals			●		—	56%
Choice Making for People With Intellectual and Developmental Disabilities			●		22%	33%
Information and Training Specific to the Person	●				Unable to determine – no documentation provided	
Enabling Technology Equipment Orientation and Training	●				Unable to determine – no documentation provided	

<sup>11</sup> Training due dates are based on the date a remote caregiver starts providing supports and services for the Enabling Technology program.

In addition, the *Enabling Technology Training Requirement Guidelines* state,

Provider agencies are responsible for ensuring that subcontractors (i.e. technology vendor staff) have been trained as required. The provider agency must maintain evidence of the subcontractor's successful complete required training through collaboration and established verification methods (i.e. transcripts, signed verification forms, etc.).

When we brought this issue to the department's attention, management explained that their vision for the pilot program was to push the boundaries of traditional supports, allow individuals greater independence, and reveal opportunities for process improvements. As the pilot program has progressed, management has learned that training requirements should be revised to avoid overburdening remote support vendors. Vendors of remote care services may operate in several states and must ensure that staff are trained in accordance with the rules of each state. Management now believes that some state trainings are duplicative and could be consolidated. For example, vendor staff who serve clients in multiple states should not have to complete Tennessee's training on the federal Health Insurance Portability and Accountability Act (HIPAA) law if staff received HIPAA training from another state.

Management, however, did not provide evidence to show that the vendor staff included in our testwork had completed training that is substantially equivalent to Tennessee's training. Furthermore, some required trainings are individualized and thus have no equivalent—such as Information and Training Specific to the Person—or are state-specific such as Tennessee Protection From Harm.

As of the date we noted this issue, only one program participant was using remote caregivers. Management emphasized that the remote caregivers' unmet training requirements did not endanger the person supported and that he has lived independently with the assistance of the Enabling Technology program for eight months. As of June 2019, the department was in the process of updating quality assurance standards to ensure that training records of remote support staff are included in reviews of provider agencies.

Despite the program participant's success with the Enabling Technology program, the department's failure to ensure that staff are fully trained increases the risk to the health and safety of people who rely on remote support services. An individual may have health risks (such as a history of choking while eating); without these trainings, remote caregivers may not respond correctly or quickly to crises. Moreover, more individuals will be impacted if the department does not rectify this issue before it works to increase the Enabling Technology program to 64 participants by August 2019.

### **Recommendation**

Management should review Enabling Technology training requirements and re-evaluate duplicative or unnecessary trainings. In addition, the Deputy Commissioner of Program Operations should implement controls to ensure vendors engaged in remote care of people with intellectual and developmental disabilities are completing all critical trainings.

### **Management's Comment**

DIDD Management concurs with this finding.

The Department has already held initial meetings with national vendors of remote caregiving supports as well as polled our Tennessee led Consortium of Technology First States on development of a national standard of remote caregiver training curriculum. Simultaneously, to not interrupt current or impending remote support opportunities, DIDD is continuing to develop amended training requirements and validation processes for remote caregiver training. Amended training will ensure both person-specific and Tennessee required training completion.

# Safety of Supported Individuals



## SAFETY OF SUPPORTED INDIVIDUALS

The Department of Intellectual and Developmental Disabilities has established measures to ensure the safety of individuals supported in state-run and privately operated facilities and in its network of home- and community-based services providers. Three critical safety mechanisms are **employee screening, volunteer screening, and death reviews.**

### **Employee Screening**

Section 33-2-1201, *Tennessee Code Annotated*, requires department employees and volunteers whose function includes direct contact with or direct responsibility for supported individuals to submit to a criminal background check. Furthermore, the department developed Policy 10.1.2, “Background Checks for Department of Intellectual and Developmental Disabilities (DIDD) Employees, Contract Workers and Volunteers,” to cover background checks and authorizations for release of information.<sup>12</sup> It also developed a pre-employment checklist to require

- checks of the sex offender registry, abuse registry, Tennessee Felony Offender Information List, Office of Inspector General’s List of Excluded Individuals and Entities, and substantiated investigations records inquiry; and
- checks of work history and references, academic records, and professional credentials and certifications.

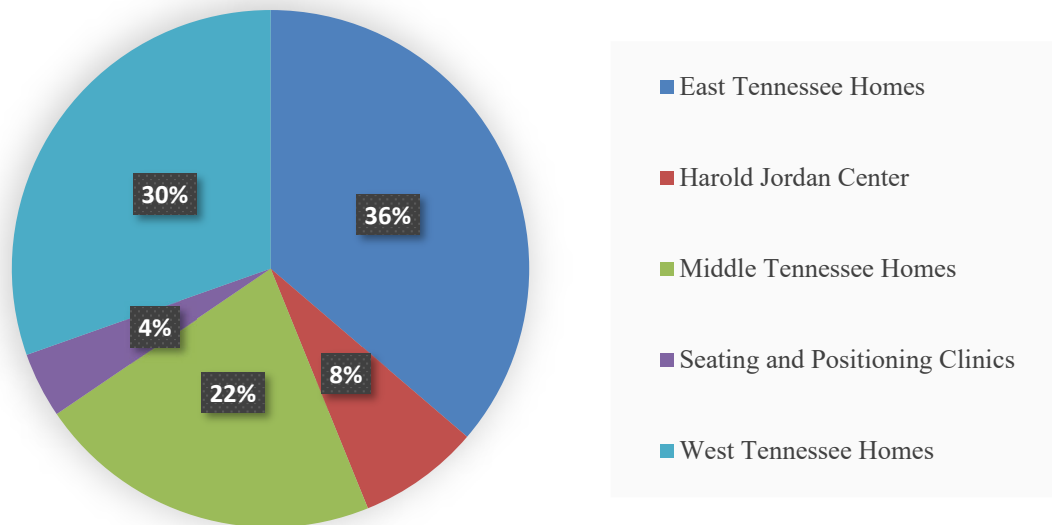
The department’s central office has delegated the responsibility of hiring employees to the applicable regional office. In accordance with department policy, when a record or report of a charge, arrest, indictment, or conviction appears on an applicant’s criminal background check, regional offices must obtain approval from the central office’s Human Resources and Legal divisions before the employee can commence work. The department documents this approval on a Background Investigation Qualifying Report.

As of July 3, 2019 (when we obtained employee lists), department staff who had direct contact with or direct responsibility for individuals served were located at the East, Middle, and West Tennessee Homes; the seating and positioning clinics; and the Harold Jordan Center. The department had 684 employees in a direct-contact or direct-responsibility position on this date (see **Chart 2**).

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<sup>12</sup> Based on our review of Policy 10.1.2, authorizations for release of information represent an applicant’s approval for the department to conduct background checks, check references and work history, and conduct other pre-employment checks.

**Chart 2**  
**Locations of Direct-Contact Employees**



Source: Edison, the State of Tennessee’s enterprise resource planning system.

### **Volunteer Screening**

The department has used volunteers, who provide companionship and entertainment to enhance the lives of individuals served at its community homes. The department subjects its volunteers to the same criminal background, registry, and work checks as its employees.

### **Results of Prior Audit**

Our November 2017 performance audit report disclosed that the department did not keep track of its volunteers and did not perform criminal background, registry, and work checks timely or at all. We also noted that the department accessed sensitive information about volunteers without their permission. Management concurred with the prior audit finding and stated that the department’s Human Resources Division had begun obtaining missing volunteer checks. Management also stated that the department would “begin reviewing procedures and make any changes needed to address the risk associated with this internal control. . . . [Human Resources] staff have been tasked with implementing an enterprise-wide checklist and a monitoring plan to ensure compliance.”

Additionally, our prior audit report included an observation that the department’s background check policy did not clearly differentiate between volunteers and visitors.

### **Death Reviews**

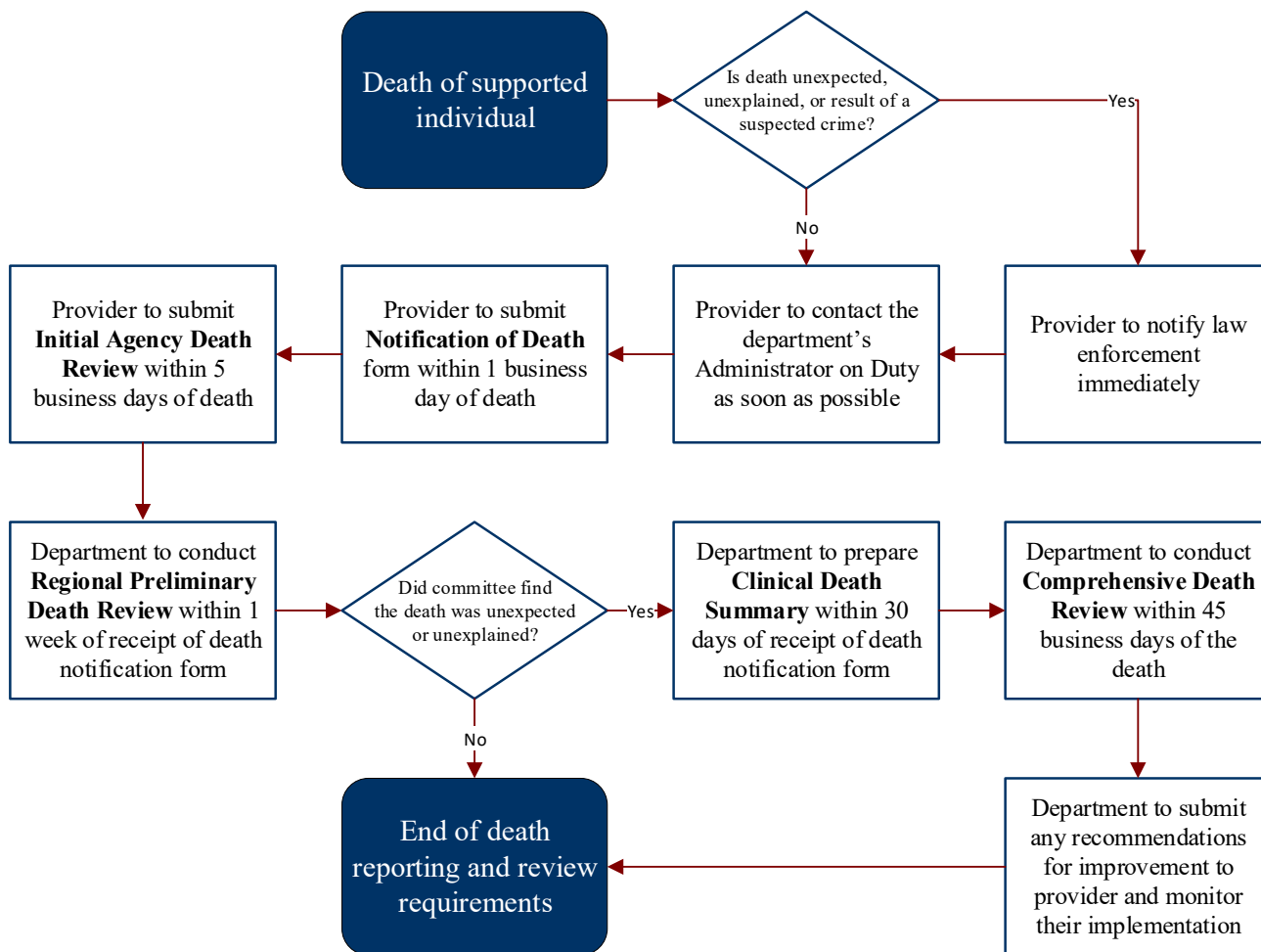
The Office of Health Services oversees reporting and reviews of deaths in the department’s service delivery system—including both the department’s own intermediate care facilities and provider agencies—with the goal of minimizing preventable deaths and improving safety for all supported individuals. The department’s Policy 90.1.2, “Death Reporting and Comprehensive



Death Review,” specifies submission timeframes for death review documentation. Providers must report a person’s death to the department (and law enforcement, if necessary) as soon as possible and prepare an Initial Agency Death Review describing the circumstances surrounding the death of the person supported. The department convenes a Regional Preliminary Death Review Committee to determine if the death was unexpected or unexplained. For unexpected or unexplained deaths, the committee orders a Clinical Death Summary—a report written by a registered nurse profiling the person’s medical history, autopsy findings, and other relevant information. Next, a Death Review Committee consisting of health professionals, provider management, and a staff member familiar with the deceased meets to examine the individual’s autopsy report, medication history, death certificate, investigation report, and other pertinent documentation. If warranted, the committee then prepares recommendations for improvement for the appropriate provider agency or department facility.

We demonstrate the death reporting and review process in **Exhibit 11**.

**Exhibit 11**  
**Death Reporting and Review Process**



Source: Auditor generated based on the department’s Policy 90.1.2, “Death Reporting and Comprehensive Death Review.”

## Audit Results

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- 1. Audit Objective:** Did the department correct the November 2017 finding involving staff background checks?

**Conclusion:** Our testwork disclosed that the department corrected three of the six conditions noted in the prior finding. We still identified, however, that the department did not follow the registry requirements in its own policy; violated its own work check and personal reference requirements; and did not comply with either state law or department policy. We also identified a new issue involving an inconsistency in Section 33-2-1201, *Tennessee Code Annotated*. See **Finding 3** and **Matter for Legislative Consideration**.

- 2. Audit Objective:** Did the department correct the prior finding involving volunteer background checks?

**Conclusion:** We determined that we would not repeat the prior finding because, based on our testwork, the department did not use any volunteers during our audit period.

- 3. Audit Objective:** Did the department correct the prior observation by developing a policy that clearly differentiates between volunteers and visitors?

**Conclusion:** Based on our inspection of the department's volunteer policy, management updated the policy in April 2018 to clearly define volunteers and visitors, such as natural supports.<sup>13</sup>

- 4. Audit Objective:** Did the department correct the prior finding involving death reviews?

**Conclusion:** Our testwork disclosed that the department corrected two of the three conditions noted in the prior finding. For the remaining condition, we identified two instances of provider agencies not submitting Initial Agency Death Reviews timely. See **Observation 2**.

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<sup>13</sup> The department's Policy 10.1.2 defines "natural supports" as "supports that enhance people's feelings of belonging and facilitate a safety net for them. Natural supports are chosen by the person, and the relationship is voluntary, mutual, and typically long term. Designation of an individual as a natural support by the person provides confirmation of the importance of the relationship to the person."

**Finding 3 – For its employees directly caring for individuals with intellectual disabilities, the department hired a person with a conviction who should not have been hired; again did not correctly perform a sex offender registry check; and still did not conduct work history and personal reference checks**

In order to maintain safe conditions, the Department of Intellectual and Developmental Disabilities is legally required to obtain a criminal background check on any employee whose function would include direct contact with or direct responsibility for individuals with intellectual and developmental disabilities.

**Results of Prior Audit**

In our November 2017 performance audit report, we identified multiple violations of background check requirements. Specifically, we found that the department

- allowed employees to commence work before completing criminal background checks;
- did not conduct registry checks timely or at all;
- did not perform work checks timely or at all;
- did not follow its own background check review process;
- did not obtain authorizations for release of information; and
- created inconsistencies between its internal policy and state law.

In response to the prior finding, management concurred. Management stated that the Human Resources Division began obtaining the missing criminal background checks, registry checks, and work history checks, and began reviewing the department's procedures to ensure compliance. Management also stated that the Human Resources Director and the General Counsel began reviewing the department's policy for compliance with *Tennessee Code Annotated*.

**Results of Current Audit**

In our current audit, we found that while the department corrected three prior issues, problems still existed with the remaining three issues. The department successfully implemented corrective actions to ensure that employees did not commence work before criminal background checks had been completed, that applicants signed authorizations for release of information, and that department policy became consistent with state law. For the repeated issues, we found that the department

1. hired an employee with a conviction following denial by the Human Resources and Legal divisions;
2. failed to correctly verify that an employee was not listed on the sex offender registry; and
3. did not perform work history and reference checks on some employees.

We also identified a new issue while completing our testwork: *Tennessee Code Annotated* is inconsistent on departmental employee and provider employee hiring requirements.

The department has a duty to ensure that it hires only suitable applicants to provide care for individuals with intellectual and developmental disabilities enrolled in its services. By not following state law or internal policy, the department potentially jeopardizes the safety of this vulnerable population.

#### *Employee Hired Even After Denial by Human Resources and Legal Divisions*

We discovered noncompliance with the established review process for 1 of 12 employees with a record or report on their background check (8%). The department's Middle Tennessee regional office hired the employee as a Habilitation Therapy Tech<sup>14</sup> at the Harold Jordan Center even though both the Human Resources Director and the General Counsel recommended denial based on the Background Investigation Qualification Report. The individual had a misdemeanor conviction involving theft that was less than a year old. The employee worked for the department from August 7, 2018, until November 29, 2018, when the employee did not show up to work. The department then discovered the employee had been arrested for violating parole, which resulted in termination of employment.

After we selected our sample, management was forthcoming with us about the error that had occurred. The Middle Tennessee Regional Director cited human error, stating that the checkmark in the denial box was small and overlooked. According to the Human Resources Director, he has now changed the process to include a large red denial stamp to identify when a prospective employee should not be hired. We are unable to determine if this new process is effective until the department's next performance audit. The error rate from our current testwork (8%) represents an improvement from the error rate for our prior audit testwork (83%). One bad hire, though, can expose the department's vulnerable population to risks of harm.



#### *Sex Offender Registry Check Not Performed Correctly*

According to the department's Policy 10.1.2, "Background Checks for Department of Intellectual and Developmental Disabilities (DIDD) Employees, Contract Workers and Volunteers,"



the department's employees, contract workers, and volunteers must agree to a preliminary screening of certain registry checks, such as the Tennessee Bureau of Investigation's sex

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<sup>14</sup> According to a recent departmental job posting, a Habilitation Therapy Tech provides support (such as helping with personal hygiene and grooming; preparing and serving meals; and administering medicine) to individuals with disabilities.

offender registry. Effective April 27, 2018, department management removed these requirements from the department's policy and now include the registry checks in procedures for the pre-employment checklist.

We found that the department did not accurately perform a sex offender registry check for 1 of 60 employees (2%). Specifically, the Human Resources staff member did not correctly spell the employee's (then an applicant) last name, rendering the registry check ineffective for potentially identifying that employee as a sex offender. Our check of the sex offender registry yielded two potential name matches; however, we were able to verify that the employee's date of birth was not the same as either of these names of registered offenders.

Management attributed the problem to employees not following established procedures. While the error rate from our current testwork (2%) represents an improvement from the error rate for our prior audit testwork (50%), even one ineffective check can jeopardize the safety of supported individuals.

#### *Work History and Reference Checks Not Performed*

The department's Policy 10.1.2 states, "In addition to criminal background checks, checks shall be conducted of the work history and references of prospective employees . . . who will have direct contact with, or direct responsibility for, persons served." Effective April 27, 2018, the department removed these requirements from its policy and now includes the checks in procedures for the pre-employment checklist. See **Exhibit 12**.

#### **Exhibit 12** **Required Verifications Listed in the Pre-employment Checklist**

<b>Former Employment</b> for previous past 5 years. Note if company uses the "Work Number" or other verification agency.
<b>Personal References</b> must be verified with at least 2 contacted and at least one must be 5 or more years known.

We found that for 3 of 60 employees (5%), the regional offices did not check work history and references prior to the employees commencing work. Specifically,

- two employee files did not contain a five-year work history; and
- one employee's file included one personal reference; however, the regional office did not attempt to verify this reference.

According to management, employees did not follow required procedures. Management added that, during the audit period, the department implemented new practices to prevent these problems from occurring in the future and that most problems we identified occurred before the new process was initiated. We determined that two of the errors occurred before management began using the pre-employment checklist in February 2018 and that one error occurred after the

checklist's implementation. The error rate from our current testwork (5%) represents an improvement from the error rate for our prior audit testwork (84%).

### *State Law Inconsistency*

During the course of our testwork, we noted an inconsistency between Sections 33-2-1201 and 33-2-1202, *Tennessee Code Annotated*, causing more stringent requirements for provider employees than for department employees performing the same function of direct contact and responsibility for supported individuals. See **Matter for Legislative Consideration** below.

### **Recommendation**

The Human Resources Director should ensure that each region follows departmental policy and procedures, including

- prior to employing an individual, reviewing each Background Investigation Qualifying Report in detail for denials at any level; and
- conducting the required registry, work history, and personal reference checks accurately and completely for each prospective employee.

In addition, Section 33-2-1201, *Tennessee Code Annotated*, should be reviewed for consistency with Section 33-2-1202, and the department should revise its policies based on any resulting changes made to the statute.

### **Management's Comment**

We concur. Management has put systems into place to ensure each prospective employee has had all required registry and background checks properly conducted prior to employment.

### **Matter for Legislative Consideration**

Section 33-2-1201, *Tennessee Code Annotated*, requires Department of Intellectual and Developmental Disabilities employees and applicants to submit to a criminal background check and fingerprinting. However, this provision does not include requirements—registry checks, personal reference checks, and work history verifications—that are listed in Section 33-2-1202, which applies to the department's provider agencies. This inconsistency could cause the department to hold its provider agencies to a higher standard than its own employees. The General Assembly may wish to consider resolving the inconsistencies by including the registry checks, personal reference checks, and work history requirements in Section 33-2-1201.



**Observation 2 – Although the department has improved its death review process since the prior audit, it still did not ensure that providers completed all required death reviews timely**

Based on our testwork, we found that the Department of Intellectual and Developmental Disabilities improved deficiencies noted in the prior audit related to the timely preparation of Clinical Death Summaries and Death Review Committee Reviews. We again, however, noted that providers still did not submit Initial Agency Death Reviews within the timeframe prescribed by department policy.

**Results of Prior Audit**

In the department's November 2017 performance audit report, we found that the department and its providers did not complete Initial Agency Death Reviews, Clinical Death Summaries, and Death Review Committee Reviews within the required deadlines. Management concurred with the prior audit finding and stated, "A new filing system has been implemented to minimize the risk of human error leading to the loss of documentation. Additionally, the Death Reporting and Review Policy will be revised."

**Current Testwork Results**

We verified that, since our prior audit, management took corrective action by implementing a new filing system for death review documentation and revising department policies relating to death reviews. Based on our testwork, we found that the department did not ensure its providers adhered to deadlines stipulated in the department's death reporting and review policy. We found that for 2 of the 60 deaths tested (3%), providers failed to submit an Initial Agency Death Review to the department within 5 business days of the death of the supported individual, as required by policy. One provider submitted a review four business days late, and the other provider submitted a review two business days late. The error rate from our current testwork (3%) represents an improvement from the error rate for our prior audit testwork (6%).



Management did not know the specific circumstances that caused provider agencies to submit the Initial Agency Death Reviews late in these two cases. The Director of Internal Compliance stated that some providers are so concerned with getting the information on the Initial Agency Death Review as complete and accurate as possible that they miss the submission deadline. Management considered increasing the timeline for agencies to submit the Initial Agency Death Review but ultimately decided to retain the five business days deadline to avoid prolonging the entire death review process. Furthermore, management had not implemented a system to monitor providers' adherence to the internal death review submission deadline.

The department relies on the timely delivery of Initial Agency Death Reviews to investigate deaths of persons supported and to identify any hazardous conditions or unsafe practices the provider must address. Late submission of Initial Agency Death Reviews could delay the deceased's family and friends from gaining closure on the death of their loved one. Also, late submission of the Initial Agency Death Review could delay the department from becoming aware of and ordering corrective action for conditions that compromise the safety of other individuals in the provider's care. Management should consider developing a monitoring system to track death review documentation deadlines and should follow up when providers do not submit Initial Agency Death Reviews timely.



# Service Delivery System Monitoring



## SERVICE DELIVERY SYSTEM MONITORING

The Department of Intellectual and Developmental Disabilities contracts with approximately 400 agencies (providers) responsible for providing services to individuals with intellectual disabilities. To increase providers' awareness of the basic requirements to deliver quality services, the department issues the *Provider Manual*. Each provider participating in the department's Medicaid waivers must have an executed provider agreement that requires compliance with this manual. Subject to approval, providers may obtain an exemption from compliance with certain aspects of the *Provider Manual* through the department's exemption process. The department's Office of Quality Management conducts quality assurance monitoring to evaluate adherence to the department's *Provider Manual* and provider agreement.

We focused our audit work on **quality assurance monitoring** and **background check exemptions**.

### Quality Assurance Monitoring

The department conducts quality assurance monitoring to evaluate providers' compliance with performance standards in 10 distinct areas, called domains (see **Exhibit 13**).

**Exhibit 13**  
**Quality Assurance Domains**

<b>Access and Eligibility</b> People have access to services and supports and a choice of available qualified providers.			<b>Choice and Decision Making</b> People and their families are involved in making decisions about services and the provider supports the person to make good decisions.
<b>Individual Planning and Implementation</b> A person's Individual Support Plan covers his or her needs, preferences, and decisions.			<b>Relationships and Community Membership</b> People have opportunities for meaningful relationships and to be valued members of the community.
<b>Safety and Security</b> Services are provided in a safe, secure, and comfortable environment. Staff are screened before hiring and trained in incident management policies.			<b>Opportunities for Work</b> People have opportunities and appropriate supports for paid employment or other meaningful day activities.
<b>Rights, Respect and Dignity</b> People are treated with respect and dignity, rights are protected, and inappropriate restrictions are prohibited.			<b>Provider Capabilities and Qualifications</b> Providers are qualified, including any necessary licensing, and ensure the training, supervision, and support of staff.
<b>Health</b> People receive appropriate health care services, correct medications, and nutritious meals.			<b>Administrative Authority and Financial Accountability</b> Providers document and bill for services correctly, and have systems in place to oversee management of personal funds.

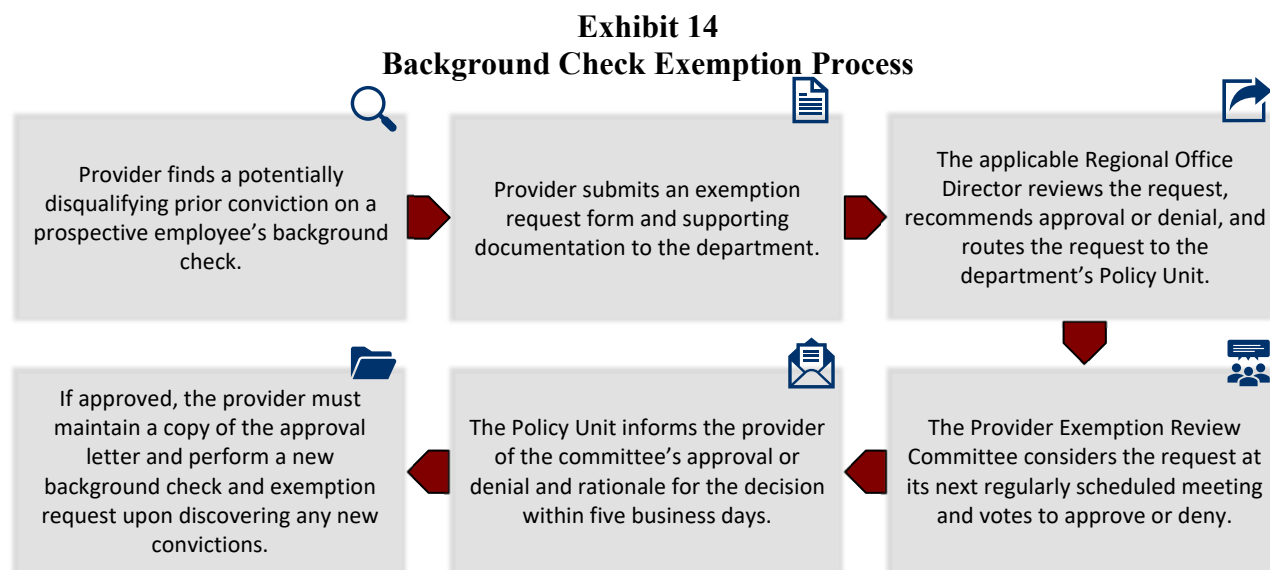
Source: List of domains from <https://www.tn.gov/didd/divisions/quality-management/quality-assurance.html>.

Providers generally undergo annual monitoring, except independent clinical service providers who do not employ additional staff. The department surveys these clinical service providers every two to three years, or less frequently when providers demonstrate ongoing high levels of performance.

We identified the Safety and Security domain as high-risk since it measures whether providers offer individuals' services in a safe, secure, and comfortable environment. To assess compliance with this domain, quality assurance monitors check whether providers conducted an array of pre-employment background checks on prospective employees as described in the *Provider Manual*. We analyzed criminal background, abuse registry, sex offender registry, Tennessee Felony Offender Information List, and the Office of Inspector General's List of Excluded Individuals and Entities checks for the provider employees.

### **Background Check Exemptions**

While federal law does not prohibit employers from asking about a prospective employee's criminal history, it does prohibit employers from using criminal history information to make discriminatory hiring decisions. To comply with Equal Employment Opportunity Commission guidance, the department instituted a process for providers to request an exemption from the department's background check requirements when a potential employee has a disqualifying conviction.<sup>15</sup> Providers must follow the department's Policy 30.1.6, "Exemption Process," when requesting a background check exemption for a potential employee. We summarize the exemption process in **Exhibit 14**.



Source: Auditor generated based on the department's Policy 30.1.6, "Exemption Process."

<sup>15</sup> According to the department's Policy 30.1.6, a disqualifying conviction includes any felony; a misdemeanor involving physical harm to a person; or a misdemeanor involving illicit drugs, drug or alcohol misuse, or sexual misbehavior (e.g., indecent exposure or voyeurism).

## Audit Results

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**1. Audit Objective:** Did the department correct the November 2017 finding involving quality assurance monitoring reviews?

**Conclusion:** Based on our procedures, we found that while the department had made various improvements, monitoring problems remained. See **Observation 3**.

**2. Audit Objective:** Did the department address the prior observation by correcting the internal checks in the quality assurance monitoring tool to help prevent inadvertent data entry?

**Conclusion:** Our testwork revealed that the department updated its internal monitoring tool, and we did not note any instances of inadvertent data entry.

**3. Audit Objective:** Did the department correct the prior finding involving background check exemptions?

**Conclusion:** Based on our inspection of the department's exemption policy, management updated the policy in August 2018 after consulting relevant federal and state guidance. Our testwork disclosed that the department corrected the prior problems we noted with exemption requests, except one instance where the department did not perform an accurate registry check prior to approving an exemption request. See **Observation 4**.

### **Observation 3 – While the department made various improvements involving quality assurance monitoring reviews, problems remained**

#### Results of Prior Audit

We noted multiple issues with quality assurance monitoring reviews in our October 2013 and November 2017 performance audit reports of the Department of Intellectual and Developmental Disabilities.

#### *October 2013 Performance Audit Report*

We determined in our October 2013 audit that the quality assurance monitors

- a. did not identify convictions included in background check results that would have prevented provider employees from working directly with supported individuals; and

- b. did not accurately conclude on the timeliness<sup>16</sup> of background, sex offender registry, and abuse registry checks performed by the provider.

Management concurred with this finding.

#### *November 2017 Performance Audit Report*

In our November 2017 performance audit report, we observed the following:

- a new issue where we disagreed with the quality assurance monitors regarding provider checks of the abuse registry, sex offender registry, Tennessee Felony Offender Information List, and Office of Inspector General's List of Excluded Individuals and Entities;
- a repeated issue where a monitor overlooked a criminal record listed on the background check of 1 of 309 provider employees tested; and
- another repeated issue where monitors inaccurately assessed the timeliness of the various checks performed by providers.

Department of Intellectual and Developmental Disabilities management concurred with the finding and stated they would analyze the monitors' results; provide additional training to the monitors; communicate to providers the importance of accurate recordkeeping and adhering to requirements for maintenance of staff personnel records; amend the department's background and registry check process to verify that records exist by reviewing a small sample of the tenured employee records; and discuss options for preserving evidence of background and registry checks for future reference.

#### Results of Current Audit

Based on our testwork, the department corrected two of the three deficiencies we noted in the 2013 and 2017 audits. We did not identify any instances in which a monitor overlooked a criminal record listed on a background check or a provider failed to perform the required checks.

For 11 of the 60 provider employees tested (18%), though, we again disagreed with the monitors' conclusions regarding check dates, as shown in **Table 3**.

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<sup>16</sup> The quality assurance survey instrument lists the requirement that criminal background checks, abuse registry checks, felony offender information list checks, sex offender registry checks, and list of excluded individuals and entities checks must be "completed prior to, but no more than 30 days in advance of, employment or a change in assignment to direct support."

**Table 3**  
**Auditors' Disagreement With Monitors' Conclusions on Check Dates**

Type of Check	Number of Provider Employees for Which the QA Monitor Reached the Incorrect Conclusion
Criminal background	1
Abuse registry	3
Sex offender registry	4
Felony offender information list	8
List of excluded individuals and entities	4
<b>Total</b>	<b>20<sup>17</sup></b>

Of the 10 providers tested during the current audit, 6 providers (60%) had monitors who recorded incorrect check dates.

Because the monitors incorrectly recorded the check dates, they also misapplied the following criteria included in their survey instrument:

- The monitors erroneously assessed 2 of the 20 checks as timely when the provider performed 1 check more than 30 days before the employee's start date and 1 check after the employee's start date, both in violation of survey instrument criteria.
- For 8 of the 20 checks, we were unable to conclude on timeliness due to the inaccuracy of hand-written check dates. According to department management, monitors will accept a written date rather than a printed date. However, we identified some providers who wrote an incorrect date at least once, so we were unable to determine whether these providers performed checks in a timely manner. For example, the list of excluded individuals and entities checks include a printed date in the search results. We determined that the provider hand-wrote a date that conflicted with the printed date and that the monitor did not identify this discrepancy. Since we can prove that the provider hand-wrote one incorrect date for the employee, we cannot attest to the efficacy of the other dates the provider hand-wrote for that employee.
- For the remaining 10 checks, based on our comparison of the correct check date with the employee's start date, we found that the monitors still made accurate conclusions about check timeliness even though they used incorrect check dates.

Management stated that the number of new employees provider agencies hire creates the possibility for reading and data entry errors. In addition, the variety of formats companies use when conducting provider checks also increases the likelihood of errors.

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<sup>17</sup> For some provider employees, we found errors with multiple checks.

According to Principle 13, “Data Processed Into Quality Information,” of the U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government*,

**13.05** Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information. Management uses the quality information to make informed decisions and evaluate the entity’s performance in achieving key objectives and addressing risks.

When the department does not properly perform all of the required checks, there is a potential for compromised care. To ensure checks are completed within the required timeframe, the Quality Management Assistant Commissioner and the Deputy Director of Quality Assurance should remind monitors of the importance of correctly recording check dates and should continue practices implemented as a result of the prior audit, such as analyzing monitors’ testwork results.

**Observation 4 – The department improved the design and implementation of its exemption policy but did not conduct an accurate registry check before approving a background check exemption request**

Based on our testwork and inspection of policy documents, we found that the Department of Intellectual and Developmental Disabilities improved exemption policy design and implementation flaws noted in the prior audit. Our testwork identified one instance, however, when the department did not perform an accurate registry check before approving a provider’s exemption request.

**Results of Prior Audit**

Our November 2017 performance audit identified multiple flaws in the design of the department’s Policy 30.1.6, “Exemption Process,” that could compromise the safety of individuals served. Specifically, the department

- did not maintain sources for creating its exemption policy and did not research other states’ interpretation of Equal Employment Opportunity Commission guidance;

- did not maintain a complete population of exemption requests or establish a way for staff to keep track of these requests;
- did not perform registry checks prior to approving background check exemptions; and
- did not properly approve exemption requests, meet timeliness requirements, or supply approval documentation to providers.

The department concurred with the principle of the finding but disagreed with some of the associated recommendations that management classified as burdensome, such as the auditors' recommendation to perform registry checks before approving background check exemptions.

### Results of Current Audit

Despite management's initial disagreement with our prior audit finding recommendations, the department corrected its exemption policy design deficiencies. Specifically, the department instituted a process in December 2017 to perform registry checks before approving an exemption to ensure the registry has the most current information. The department also created a tracking log in January 2018 to monitor all exemptions received and the outcome of the requests. The department also reviewed Equal Employment Opportunity Commission guidelines; researched exemption policies of 21 other states; reviewed U.S. Department of Health and Human Services Office of the Inspector General guidance; and updated its policy on August 24, 2018, based on this research.

Our testwork disclosed that the department properly approved exemption requests, met the timeliness requirements, and ensured providers received approval documentation. While our testwork showed that department staff performed registry checks for each exemption request, for 1 of 60 of those requests (2%), staff did not perform an accurate registry check. Specifically, staff incorrectly spelled the employee's first name when checking the Office of Inspector General's List of Excluded Individuals and Entities. We did not locate the employee on that list when we searched with the correct spelling of her name.

Management agreed and stated that the employee performing the registry check inadvertently keyed one letter incorrectly when entering the prospective employee's name.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* provides guidance to management on the need for using quality information to support the internal control system. Principle 13, "Use Quality Information" states, "Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis."



When a registry check is not completed accurately and reviewed properly, a provider may hire an employee in error, and the service recipient could be at risk. The Office of Policy and Innovation should review each registry check for accuracy prior to approving a background check exemption request.

# Resident Personal Property and Trust Fund Accounts



## RESIDENT PERSONAL PROPERTY AND TRUST FUND ACCOUNTS

The Department of Intellectual and Developmental Disabilities operates intermediate care facilities throughout the state to provide 24-hour residential support to individuals with intellectual disabilities. These facilities include 37 four-person community homes integrated into typical residential neighborhoods. The department's facilities are home to the individuals who live there on a long-term basis until they discharge from state care or transfer. During our audit period, the department also operated the Harold Jordan Center, a specialized forensic and behavioral stabilization intermediate care facility.

The department has instituted various internal controls to ensure that residents of both the intermediate facilities and the Harold Jordan Center experience the same sense of safety, control, and security that people should expect to feel in their own homes. The department's controls include policies to safeguard residents' **personal property** and **Resident Trust Funds**.

### Personal Property

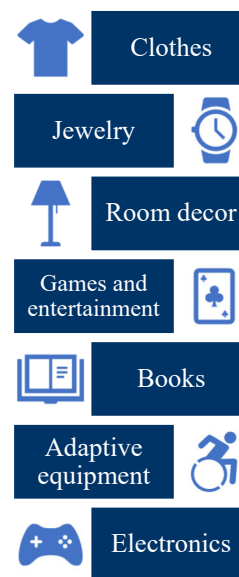
Like people with typical cognitive abilities, individuals with intellectual disabilities residing in the department's facilities own personal property, which encompasses all material possessions belonging to an individual, whether the person purchased the item or received it as a gift. Examples include clothing and jewelry, grooming implements, games and entertainment devices, and equipment. Department policy requires that residents have as much involvement as possible in the selection, care, and control of their personal property and that the community home staff and Resident Trust Fund staff maintain, inventory, and monitor the individuals' property.

### Results of Prior Audit

Our November 2017 performance audit report disclosed a finding related to the department's management of residents' personal property at community homes statewide and at the Harold Jordan Center. Specifically, we noted that, as referenced in findings for the past 14 years, the department did not maintain a complete personal property inventory, did not perform regular inventories, and could not locate various personal property. In addition, our prior finding disclosed that management dismissed the overall importance of our testwork results during our discussions with them.

### Resident Trust Funds

Residents of the department's intermediate care facilities may receive income and other financial assets from employment, government benefits, donations, gifts, stipends, and inheritances. Residents may opt to deposit their personal funds in an individual checking account at a bank of their choosing or in a trust fund account that the department maintains. The department's regional office staff are responsible for administering the trust fund accounts. Individuals with sufficient account balances may purchase items or services or have items or



services purchased on their behalf, such as Christmas presents, haircuts, and life insurance policies.

The department helps residents manage their money by

- serving as a representative payee<sup>18</sup> for individuals who receive Social Security benefits;
- reconciling monthly statements with account balances, purchase receipts, and cash on hand;
- maintaining personal funds cash in each facility to make available to residents upon request for their needs or for leisure activities; and
- ensuring proper disposition of trust fund monies upon an individual's death, discharge, or transfer from a department facility.

### Results of Prior Audit

We have noted deficiencies in controls over Resident Trust Fund accounts in prior audits dating back to 2003. Our November 2017 performance audit report contained two findings related to these accounts. We cited problems with the department staff's

- handling of unspent funds and verification of resident purchases at the Clover Bottom Developmental Center<sup>19</sup> and the Harold Jordan Center, along with inadequate safeguards over residents' personal funds at the Greene Valley Developmental Center;<sup>20</sup> and
- improper trust fund disposition for deceased, discharged, and transferred residents.

### Federal Eligibility Monitoring

The federal government imposes income and asset limits of \$2,000 for individuals—including residents of department facilities—to retain eligibility for Medicaid and Social Security benefits. Department policy requires fiscal staff to monitor residents' trust fund accounts and alert the applicable intermediate care facility administrator when a resident's balance reaches 75% of the maximum balance (\$1,500).

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<sup>18</sup> According to the department's Policy 100.1.11, "Trust Fund Accounts," "**Representative Payee** shall mean an individual or organization designated by the Social Security Administration to receive Social Security and/or Supplemental Security Income (SSI) benefits on behalf of a person who requires assistance to manage his/her money" [emphasis in original].

<sup>19</sup> The department closed Clover Bottom Developmental Center on November 19, 2015.

<sup>20</sup> The department closed Greene Valley Developmental Center on May 26, 2017.

## *Results of Prior Audit*

A finding in our November 2017 performance audit report identified problems with the department's Medicaid eligibility monitoring. Specifically, fiscal staff did not always track residents' account balances and take appropriate action when residents risked exceeding the Medicaid eligibility threshold. Management concurred with the finding and planned to adopt new procedures and retrain staff.

### **Audit Results**

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- 1. Audit Objective:** Did the department correct the November 2017 finding by adhering to relevant guidance involving tracking personal property of individuals living in community homes?

**Conclusion:** Based on our procedures, the department improved its tracking of personal property, although we noted continued control deficiencies. See **Finding 4**.

- 2. Audit Objective:** Did the department correct the prior finding by complying with applicable regulations when handling Resident Trust Funds?

**Conclusion:** Although our testwork disclosed that management corrected problems with the handling of unspent funds, the department again did not properly document purchases on individuals' personal property inventories. See **Observation 5**.

- 3. Audit Objective:** Did management correct the prior finding by properly disposing of account balances for deceased, discharged, and transferred residents?

**Conclusion:** We determined through testwork that the department properly disposed of these account balances.

- 4. Audit Objective:** Did the department correct the prior finding by complying with the federal eligibility monitoring aspect of its Resident Trust Fund policy?

**Conclusion:** Based on our testwork results, the department corrected this prior finding.

### **Finding 4 – Despite improving its management of individuals' personal property, the department again did not perform regular inventories**

Since 2003, we have identified deficiencies in the Department of Intellectual and Developmental Disabilities' maintenance and monitoring of personal property of individuals residing at its facilities, as summarized in **Table 4**.

**Table 4**  
**Personal Property Problems Noted in Prior State Audit Reviews**

<b>Problem Noted</b>	<b><u>Prior Audit Scopes</u></b>					<b><u>Current Audit</u></b>
	<b>July 2003 – March 2005</b>	<b>April 2005 – May 2007</b>	<b>June 2007 – July 2010</b>	<b>January 2011 – July 2012</b>	<b>June 2013 – June 2017</b>	
Management had an inappropriate attitude toward residents' personal property.					●	
Personal property was missing.	●	●	●	●	●	
Personal property was found in suspicious locations (such as staff's vehicles).	●				●	
Staff did not maintain updated, accurate, or complete personal property records.	●	●	●	●	●	●
Staff did not conduct regular inventories.			●	●	●	●

Management concurred with our prior testwork results. To correct the problems we noted, management stated they would implement an information technology solution to track the personal property for each resident, revise the guidelines for the monthly audit process, and issue audit reports that outline property management issues discovered.

In our current audit, we found that management executed their proposed corrective actions. We noted a positive shift in management's attitude toward maintaining and caring for residents' personal belongings. We also had no issues regarding missing personal property and did not find personal property in suspicious locations. Nonetheless, the department still did not follow established guidelines for inventorying individuals' personal property.

Community home and Harold Jordan Center staff promptly located all 308 items of personal property included in our resident inventory review.

#### Management's Overall Attitude Improved

Our prior audit finding noted a negative tone from management regarding residents' missing personal property. At that time, management expressed the belief that missing items with a low dollar value were unimportant. Our audit report, however, emphasized both qualitative and quantitative measurements; losing inexpensive but treasured items could have a detrimental impact on a resident's happiness and well-being.

In the current audit, management demonstrated that they heard our concerns and made strides to track residents' personal belongings and promptly replace any lost, broken, or worn possessions. When we followed fiscal staff in each region on their monthly inventory reviews,<sup>21</sup> we observed that the staff noted each resident's favorite item. Additionally, when we performed inventory reviews of 308 personal belongings of 60 residents of the community homes and the Harold Jordan Center, department staff promptly located each item or provided documentation of the item's disposal.

### Regular Inventories Not Performed

Based on our discussions with various management and staff, the department's key controls for ensuring the accuracy and completeness of personal property lists are inventories performed by both home and fiscal staff.

#### *Home Staff Quarterly Inventories*

The department's Policy 100.1.5, "Personal Property," mandates the following for home staff: "Inventories shall be completed quarterly, at a minimum." Based on our testwork, home staff were unable to provide us with conclusive evidence that they had conducted the required inventories for 21<sup>22</sup> of 60 residents tested (35%) (see **Table 5**).

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<sup>21</sup> According to department policy, fiscal staff perform monthly inventory reviews at the department's community homes. Because the Harold Jordan Center serves as a specialized forensic facility with a transitory population, fiscal property management procedures differ for that facility. Quality Assurance staff review personal property in both the community homes and the Harold Jordan Center on a quarterly basis.

<sup>22</sup> For some of the residents we tested, we identified multiple problems. Therefore, cumulative discrepancies described in **Table 5** exceed 21.

**Table 5**  
**Documentation Discrepancies in Quarterly Inventories Performed by Home Staff**

Region	Documentation Discrepancy	Department's Explanation
Middle	For 10 of 60 individuals tested (17%), staff updated residents' personal property lists without documenting the results of the related quarterly inventory.	Management stated that the department focused on maintaining a complete personal property list for each person rather than documenting the quarterly inventory. Management agreed that thorough and accurate inventory documentation remains important to support the department's efforts to track property.
East, Middle, and West	For 13 of 60 residents tested (22%), staff documented quarterly inventory dates that conflicted with purchase and disposal dates on the resident's personal property list. In other words, the staff listed quarterly inventory dates that were prior to purchase and disposal dates. Because of this conflict, we questioned whether staff really conducted the inventory on the documented date.	Management responded that different factors contributed to the instances cited for this issue. In one example, management stated that the home manager re-created an inventory form because the original was too messy. Management noted another instance that involved a person's inventory beginning prior to the person moving in, allowing some of his belongings and necessary medical equipment to be in the home upon his arrival.
East, Middle, and West	For 7 of 60 residents tested (12%), staff did not date the quarterly inventory documentation.	Management responded that when the department initially deployed a macro-enabled Excel spreadsheet to track inventory, it did not print the date. They added that some instances were due to staff not realizing the importance of dating the inventory forms when they actually completed the inventory review.

#### *Fiscal Staff's Monthly Inventories*

The fiscal staff's required monthly personal property inventories are governed by the department's *Guidelines for Monthly Cottage and Home Audits for Persons Supported*. The guidelines state, "When auditing DVD's and CD's determine if you can find approximately 5% of the titles and locate those specifically." Regional fiscal staff select additional categories of personal property (such as clothing and toys/games/books) each month to inventory. Based on our testwork, we detected deficiencies with 7 of 38 inventories (18%) fiscal staff conducted between April 1, 2018, and February 28, 2019 (see **Table 6**).



**Table 6**  
**Problems With Fiscal Staff's Monthly Inventories**

Region	Problems Identified	Department's Explanation
Middle	<p>Fiscal staff did not adhere to guidelines for 2 of 38 monthly personal property inventories (5%).</p> <p>Specifically, staff did not</p> <ul style="list-style-type: none"> <li>• check for 5% of DVDs or CDs in 1 instance; and</li> <li>• document that issues noted during monthly audit reviews were resolved in 1 instance.</li> </ul>	<p>Management responded that the guidelines state that “approximately 5%” of DVDs or CDs should be tested if a DVD or CD is selected. Management also noted that the overarching goal of these reviews is to review 50% of the resident's belongings each year and that, therefore, flexibility should be allowed.</p> <p>According to management, a new employee was responsible for failing to document the issue's resolution.</p>
East	<p>Fiscal staff did not adhere to guidelines for 5 of 38 monthly personal property inventories (13%).</p> <p>Specifically, staff did not</p> <ul style="list-style-type: none"> <li>• inventory the number of items selected by the regional office in 3 instances; and</li> <li>• check for 5% of DVDs or CDs in 2 instances.</li> </ul>	<p>Management said that the number of items needed for testing varies based on the total number of items on the person's inventory; as a result, some people would not have needed as many items reviewed in the referenced month as did other people. Regarding CDs and DVDs, management stated that the overarching goal of monthly inventories is to review 50% of the resident's belongings each year and that, therefore, flexibility should be allowed.</p>

### Effect

When we discussed the inventory deficiencies with management, the Deputy Commissioner of Program Operations asserted that the quarterly and monthly inventories are burdensome for the staff responsible for assisting and supporting community home and Harold Jordan Center residents. We contend, however, that management specifically selected these frequencies as necessary to achieve the goal of properly tracking residents' personal belongings.

The Council on Quality and Leadership, the department's accrediting body, has adopted the following standard as a non-negotiable human and civil right: “People experience continuity and security.” When department personnel fail to execute management's designed controls for tracking personal inventory, the risk increases that personal belongings may be misplaced or stolen, which could interrupt supported individuals' sense of continuity and security.

## **Recommendation**

The department should ensure that

1. its key controls reflect the level of effort management determines is necessary to account for all personal belongings;
2. home staff conduct required quarterly inventories for each resident;
3. fiscal staff conduct and document monthly inventories in accordance with established guidelines; and
4. home staff and fiscal staff properly document inventories conducted (including the dates and results of the inventories as well as the names of staff conducting them).

## **Management's Comment**

We concur. Management will monitor the documentation to substantiate our inventory monitoring efforts, focusing on the accuracy of dates documented and reviewer signatures.

## **Observation 5 – Management strengthened internal controls over the use of Resident Trust Fund accounts, but staff still did not correctly record purchases**

We have reported findings with the Department of Intellectual and Developmental Disabilities' handling of Resident Trust Fund accounts for the past 16 years. Specifically, in our November 2017 performance audit, we cited the department because staff did not follow proper procedures in the following ways:

- we could not match receipts containing the purchase of physical items to individuals' personal property lists;
- individuals did not get to take advantage of the membership points or rewards their purchases generated; and
- unspent funds were still returned late to the accounting office.

Management concurred with our finding in part. Management agreed that the internal controls for personal property management and timely return of unspent funds could be strengthened but disputed that individuals did not benefit from membership points. Management stated that the department would develop new processes for funds management and deploy additional staff training.

For the current audit, we found that management resolved the weaknesses involving the timely return of unspent funds and use of membership rewards. Neither we nor department staff, however, could match receipts containing the purchase of physical items to individuals' personal property lists.

### Unsubstantiated Personal Property

Based on our testwork, department personnel did not properly record 11 purchases associated with 3 of 60 Request for Funds forms (5%) in the applicable resident's inventory list (see **Table 7**).

**Table 7**  
**Unsubstantiated Personal Property**

Form Number(s)	Problems Identified	Department's Explanation
14054	Staff recorded four purchases on residents' personal inventory lists with the incorrect purchase amount.	Management explained that home staff inadvertently recorded the change given on the receipt as the cost of the item instead of the purchase price. Each person in the home purchased the same item and staff followed the same process consistently, resulting in four instances of the same error.
14051	Staff recorded four purchases on a resident's inventory list without purchase prices.	Based on discussion with management, these problems occurred at the Harold Jordan Center due to human error. Fiscal staff do not review Harold Jordan Center inventory, and center staff did not catch the mistake.
14051 and 14112	Staff did not record three purchases on a resident's inventory list.	

According to the department's Policy 100.1.5, "Personal Property," "The personal property inventory shall be updated as new items are purchased, acquired, or discarded." Additionally, Paragraph 10.03 of the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* states the following:

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

When staff do not maintain accurate property lists for newly purchased items, the risk of errors, waste, and abuse increases. Furthermore, incorrectly recording purchase prices could result in staff not following proper disposal procedures, which are less rigorous for items valued at or below \$25 compared to items valued over \$25. Should a staff member improperly value a more

expensive item under the \$25 threshold, policy would permit home staff to discard the item without oversight from fiscal staff.

### **Recommendation**

Department management should ensure staff accurately and completely record purchased items on the applicable individual's personal property list. Specifically, as part of the fiscal staff's monthly inventory procedures, management should implement a three-way match between

- the personal property item,
- the purchase receipt, and
- the resident's personal property list.

# Department Operations



## DEPARTMENT OPERATIONS

The Department of Intellectual and Developmental Disabilities' operations cover several core functions, including program operations and administrative operations. Based on recent restructuring of the department's service offerings, we focused our audit work on the department's **program operations** in the areas of *waiver enrollment, community homes, unused properties*, the *Katie Beckett program*, and the *Family Support Program*. We also examined the department's **administrative operations** in the areas of *records disposition authorizations* and *employee turnover*.

### Program Operations

Over the past several years, the department's role and array of services have narrowed. As we noted in our November 2017 performance audit report, the department closed its Medicaid waivers to new enrollments in June 2016.<sup>23</sup> Furthermore, the department ceased operating Greene Valley Developmental Center, the state's last large-scale facility for people with intellectual disabilities, in May 2017. Given these recent changes, we cataloged the department's existing service offerings. We also inquired about management's exploration of other avenues to offer services or programs to individuals with intellectual or developmental disabilities.

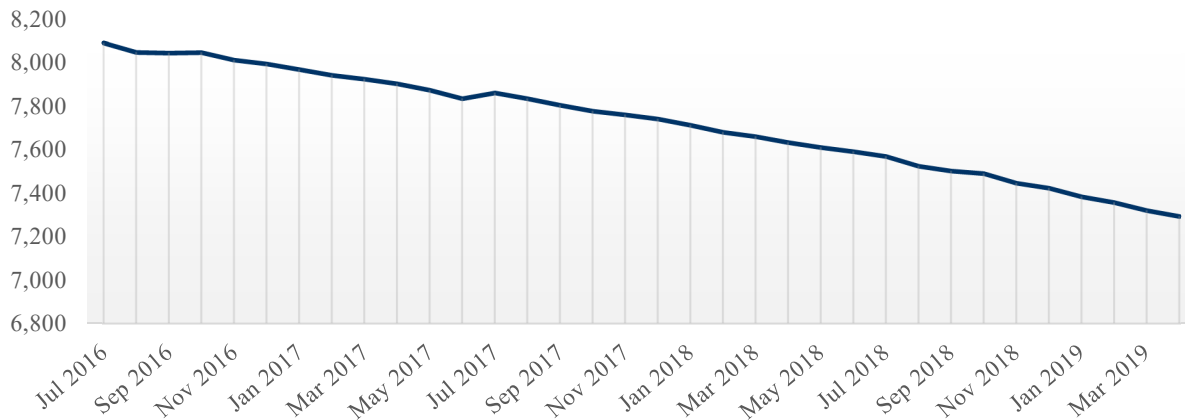
### Waiver Enrollment

Medicaid waivers set aside certain requirements of the Social Security Act so that individuals can receive long-term care in their homes and the community as an alternative to institutionalized settings. As of June 2019, Tennessee offers three Medicaid waiver programs for citizens with intellectual disabilities: the statewide waiver, the comprehensive aggregate cap waiver, and the self-determination waiver. The department continues to serve individuals enrolled prior to the waiver closure date. **Chart 3** demonstrates that the number of active waiver enrollees has declined by approximately 800 people since the department stopped accepting new enrollments.

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<sup>23</sup> There are limited exceptions for former lawsuit class members, individuals discharged from the Harold Jordan Center following a stay of at least 90 days, and children ages 18 to 21 who are aging out of state custody or who can no longer safely live at home.

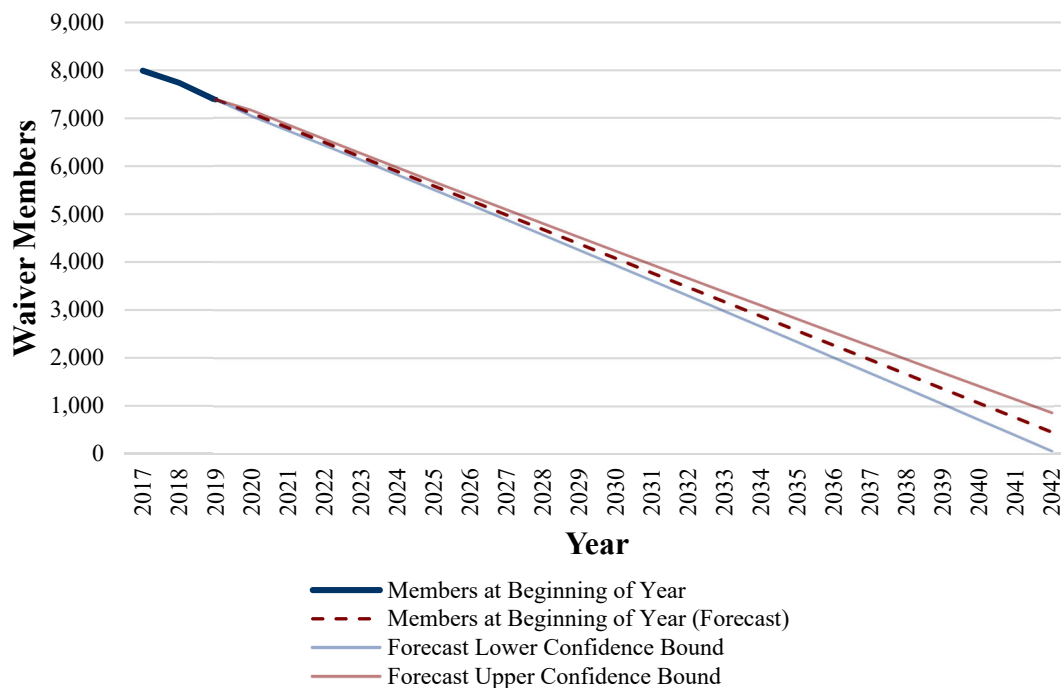
**Chart 3**  
**Active Waiver Enrollees, July 2016 Through March 2019**



Source: Department of Intellectual and Developmental Disabilities' Data Management Reports.

Based on average monthly disenrollment rates, we estimated that the department will lose almost all its active waiver members by 2042 (see **Chart 4**).<sup>24</sup>

**Chart 4**  
**Waiver Attrition Forecast**

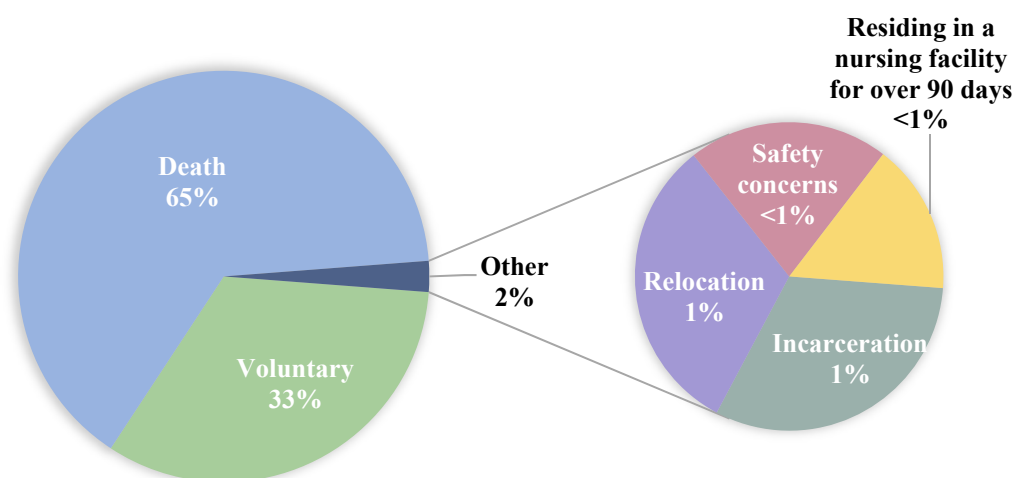


Source: Department of Intellectual and Developmental Disabilities Data Management Reports.

<sup>24</sup> We estimated waiver attrition using Microsoft Excel's FORECAST function. FORECAST used linear regression to estimate future enrollment based on known enrollment numbers at the start of calendar years 2017, 2018, and 2019. We set the FORECAST function with a 95% confidence interval; in other words, we are 95% confident that the waiver population will fall between the upper and lower bounds shown in the chart for a given year.

Individuals may disenroll from waiver services voluntarily, or the department may disenroll the member due to safety concerns<sup>25</sup> or the individual's death, incarceration, or relocation out of Tennessee. The department also disenrolls members who reside in a hospital, nursing facility, or assisted living facility for more than 90 days.<sup>26</sup> As shown at **Chart 5**, most member disenrollments are due to death, followed by voluntary withdrawal.

**Chart 5**  
**Waiver Disenrollment Reasons for the Period July 2016 Through April 2019**



Source: Department of Intellectual and Developmental Disabilities Data Management Reports.

**Chart 6** shows the distribution of waiver member ages as of July 1, 2019. On this date, waiver members ranged in age from 15 to 94, with an average member age of 48 years old. Should the waivers continue until 2042 without losing any members,<sup>27</sup> in 2042 the youngest member will be 38 years old, and the average member age will be 71 years old.

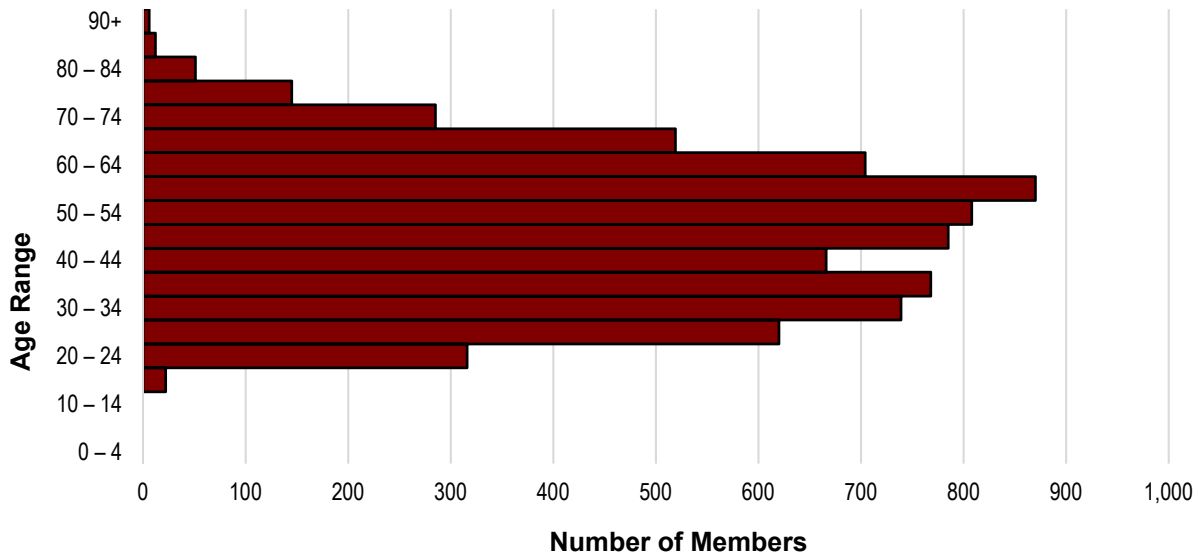
<sup>25</sup> According to the department's *Provider Manual*, individuals may be disenrolled due to safety concerns if medical or behavioral needs arise or if their home becomes unsafe for them or their support staff.

<sup>26</sup> These members cannot later re-enroll if their condition improves to the point where they no longer require institutional services; however, the Division of TennCare grants such members priority enrollment status for the Employment and Community First CHOICES program.

<sup>27</sup> This is unlikely, given the waivers' average annual attrition rate of 3.7%. This scenario does not take into account life expectancy rates; according to a 2015 study in the *Journal of Applied Research in Intellectual Disabilities*, the average age at death for people in state intellectual and developmental disabilities systems ranged between 50 and 58 years old.



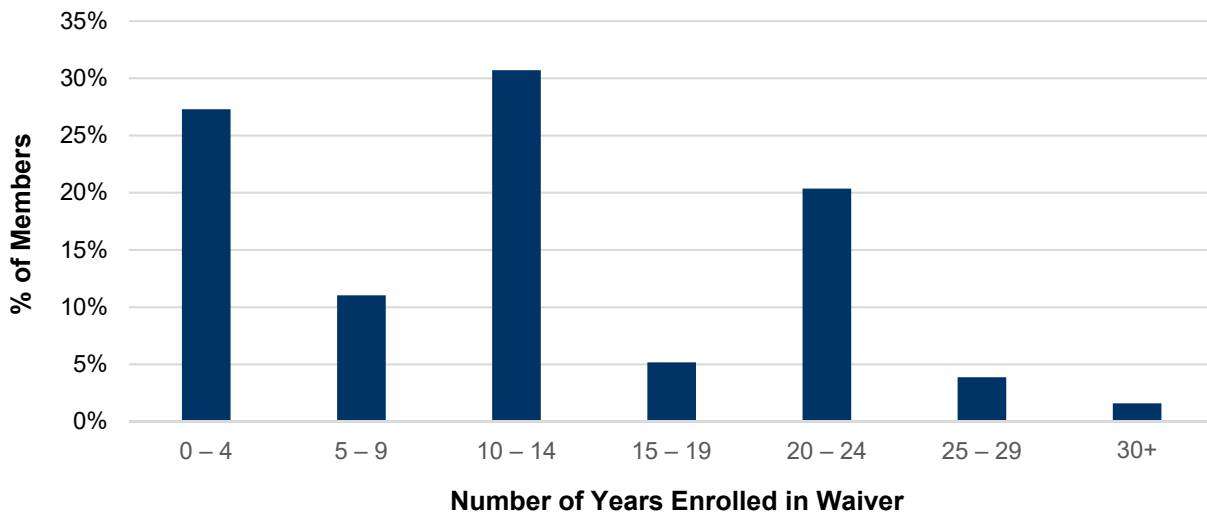
**Chart 6**  
**Waiver Member Ages on July 1, 2019**



Source: Department of Intellectual and Developmental Disabilities Data Management Reports.

Current waiver members have been enrolled for periods ranging from less than 1 year to over 33 years, with an average tenure of 12 years. See **Chart 7** for a distribution of waiver membership tenure.

**Chart 7**  
**Waiver Membership Tenure as of July 1, 2019**



Source: Department of Intellectual and Developmental Disabilities Data Management Reports.

### Community Homes

Prior to 2017, the State of Tennessee operated developmental centers to provide 24-hour residential care to citizens with intellectual disabilities. As public attitudes and industry best practices progressed, the department faced federal litigation regarding civil rights violations and unsatisfactory

conditions at state developmental centers. In a successful effort to fulfill lawsuit settlement terms, the department resolved to improve its service delivery by closing all developmental centers and transitioning residents to community homes. The department began the transition in 2007 and completed the conversion in May 2017, when the final residents of Greene Valley Developmental Center moved into their new homes. The Middle Tennessee U.S. District Court subsequently dismissed the remaining federal lawsuit against the department in September 2017.

The department currently operates 37 four-person community homes, which are certified intermediate care facilities for individuals with intellectual disabilities. The homes are located in typical residential neighborhoods in an effort to promote community integration. The occupancy rate of the community homes is approximately 97.1%, with a historical average of 4.3 vacancies overall. As of May 2019, there are a total of 8 vacancies, with 4 in Middle Tennessee and 4 in West Tennessee. The department maintains vacancies in order to accommodate individuals in crisis situations.

The department's community homes have an average occupancy rate of over 97%.

**Tables 8 and 9** contain information pertaining to the average daily census and the cost per occupancy day for the regional community homes.

**Table 8**  
**Community Home Costs, Fiscal Year 2017–2018**

Community Home	Average Daily Census	Cost Per Occupancy Day	Total Cost Per Day
West Tennessee	47	\$1,070	\$50,277
Middle Tennessee	35	\$1,104	\$38,651
East Tennessee	63	\$884	\$55,671

Source: Department of Intellectual and Developmental Disabilities' Statistical Data Worksheet.

**Table 9**  
**Community Home Costs, Fiscal Year 2018–2019**

Community Home	Average Daily Census	Cost Per Occupancy Day	Total Cost Per Day
West Tennessee	48	\$1,098	\$52,716
Middle Tennessee	36	\$1,107	\$39,836
East Tennessee	64	\$875	\$56,028

Source: Department of Intellectual and Developmental Disabilities' Statistical Data Worksheet.

### Unused Properties

The department has partially unused real property at the former Greene Valley, Clover Bottom, and Arlington developmental centers.<sup>28</sup> Management asserted that the properties need master planning before the department can decide whether to repurpose or dispose of them. Master

<sup>28</sup> The Arlington and Clover Bottom developmental centers permanently closed in 2010 and 2015, respectively.

planning involves taking an inventory of the property, as well as conceptualizing future uses and layouts. The department has secured \$250,000 in master planning funds and plans to use the Department of General Services' master planner to undertake this project.

The Department of Intellectual and Developmental Disabilities also owns smaller properties throughout the state that were once part of its service delivery system. Management plans to dispose of these properties in the private market.

The department has a major maintenance budget of \$250,000 for the maintenance costs incurred on unused properties. This amount covers large-scale and emergency repairs, such as replacing a roof or repairing a burst pipe. The department's regional operational budgets cover the cost of routine maintenance, such as mowing.

See **Table 10** for a list of the department's unused properties.

**Table 10**  
**Unused Properties as of May 22, 2019**

	County	Description	Purchase Date	Purchase Price	Appraisal Value	Land Area (Acres)
1	Davidson	Site of former Clover Bottom Developmental Center	4/22/1921	\$0	\$544,200	362.81
2	Greene	Site of former Greene Valley Developmental Center	3/18/1958	\$0	\$ <sup>-29</sup>	450 (approx.)
3	Shelby	Site of former Arlington Developmental Center	<sup>-30</sup>	\$ <sup>-31</sup>	\$4,556,100	509.43
4	Davidson	3,400 sq. ft. home	4/11/2011	\$202,000	\$297,800	1.55
5	Davidson	3,000 sq. ft. home	11/30/2010	\$199,900	\$429,000	1.96
6	Shelby	Vacant lot	5/17/2009	\$75,000	\$34,900	1.80
7	Shelby	Vacant lot	5/17/2009	\$75,000	\$34,600	1.70
8	Shelby	Vacant lot	5/7/2009	\$91,400	\$94,600	9.05
9	Shelby	Vacant lot	8/14/2009	\$39,500	\$44,500	2.00
10	Shelby	Vacant lot	8/14/2009	\$38,900	\$44,500	2.00
11	Shelby	Vacant lot	8/14/2009	\$32,500	\$46,700	2.16
12	Shelby	Vacant lot	8/14/2009	\$32,500	\$47,000	2.18
13	Fayette	Modular house/lot	7/2/2008	\$ <sup>-32</sup>	\$56,000	1.95

Source: The applicable property assessor's online database.

<sup>29</sup> The appraisal value for Greene Valley Developmental Center was not available on the property assessor's website.

<sup>30</sup> The purchase date for Arlington Developmental Center was not available on the property assessor's website.

<sup>31</sup> The purchase price for Arlington Developmental Center was not available on the property assessor's website.

<sup>32</sup> The purchase price of the modular house/lot was not available on the property assessor's website.

Parents of disabled children who did not qualify for Medicaid based on household income appeared before the Tennessee General Assembly in March 2019 to advocate for a Katie Beckett program.

The parents testified that without a Katie Beckett program, their pathways to obtaining Medicaid eligibility for their disabled child included

- divorcing or separating;
- limiting work hours;
- quitting a job entirely;
- selling the family home;
- putting the child up for adoption; or
- institutionalizing the child.

### Katie Beckett Program

In Tennessee, children with disabilities may qualify for Medicaid benefits if they meet TennCare's household income criteria. Children are also eligible for Medicaid if they receive Supplemental Security Income (SSI) based on their disability and federal household income limits. The financial criteria required for TennCare and for SSI restricts many disabled children from receiving Medicaid coverage because their household income is too high. Federal law provides an option, however, for disabled children to qualify for SSI (and the associated Medicaid benefits) regardless of household income, if the child resides in a medical institution. Consequently, disabled children whose household income exceeds TennCare and SSI eligibility thresholds must be institutionalized to

qualify for and maintain Medicaid coverage.

The Katie Beckett program aims to provide health insurance to children and adolescents with disabilities who are ineligible for Medicaid on the basis of their parents' income. This program is intended for children who qualify for care in a medical institution but could also receive care in their own home. Tennessee passed Katie Beckett legislation during the most recent session (111th General Assembly); Public Chapter 494 became part of Section 71-5-1, *Tennessee Code Annotated*. Prior to this legislative session, Tennessee was the only state without a Katie Beckett program or TEFRA<sup>33</sup> program.<sup>34</sup>

Tennessee's Katie Beckett program is a two-pronged initiative, with Part A providing Medicaid and essential home- and community-based services for children with the most severe disabilities. To qualify, parents may be required to purchase or maintain private insurance and pay premiums to help offset state costs and ensure program sustainability. Part B is a Medicaid diversion program in which the state invests small sums into target populations in hopes of diverting Medicaid dependency in the future. The department will administer Part B, which offers a limited package of services and supports often not covered by commercial insurance, for children who do not meet the level of need required for Part A.

The program will benefit approximately 3,000 children at a total cost of approximately \$72 million per year. Of this cost, state dollars will cover around \$25 million each year, with the



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<sup>33</sup> The Tax Equity and Fiscal Responsibility Act (TEFRA) program requires the state to enroll children with severe disabilities who require an institutional level of care into Medicaid, regardless of family income.

<sup>34</sup> The Division of TennCare rejected advocacy groups' assessment that Tennessee lacked a Katie Beckett program or an equivalent program. TennCare maintained that it applied the Katie Beckett option in its Employment and Community First CHOICES program, which does not count parental income when determining a child's eligibility. A national waiver information repository, however, noted that while in theory parent income is not considered for children in the Employment and Community CHOICES program, numerous families of children with disabilities have reported that they have not been allowed to participate in the program.

federal government funding the remaining \$47 million. The department requires 78 additional case managers to administer Part B of the Katie Beckett program, at an anticipated annual cost of \$5 million (split equally between state and federal dollars). Based on typical Centers for Medicare and Medicaid Services waiver approval timelines, the department and TennCare expect that the Katie Beckett program will begin enrollment in 2020. See an overview of the Katie Beckett program in **Table 11**.

**Table 11**  
**Katie Beckett Program Overview**

	Katie Beckett Program	
	Part A	Part B
<b>Administering Agency</b>	 TN Division of TennCare	 TN Department of Intellectual & Developmental Disabilities
<b>Target Population</b>	Children under 18 whose severe disabilities or complex medical needs would qualify them for institutionalization.	Children under 18 whose medical needs place them at risk of institutionalization.
<b>Expected Enrollment</b>	300 children	2,700 children
<b>Anticipated Average Annual Cost per Child</b>	\$150,000	\$10,000
<b>Private Insurance Requirement</b>	Parents must purchase and maintain private insurance for the child.	Not required.

### Family Support Program

Established in 1992, the Family Support Program is a state-funded program intended to allow severely disabled individuals and their families to remain together in their homes and communities. Management considers this to be one of the department's most impactful programs because services are flexible and responsive to families' needs. The program was established primarily to support

- families who have school-age or younger children with severe disabilities;
- adults with severe disabilities who choose to live with their families; or
- adults with severe disabilities who do not receive support from other residential programs funded by state or federal dollars.

Some of the services available to recipients include respite care, day care services, home modifications, personal assistance, transportation, and homemaker services. The program relies

on family and consumer involvement, with 17 local and 9 district councils overseeing and providing advice on the distribution of local services.

In 2018, the Family Support Program served 4,473 individuals in Tennessee. As of May 2019, the program's waiting list totaled 1,541 individuals. The department's fiscal year 2019 budget included approximately \$7.4 million for the Family Support Program. Department management estimated that an additional \$3.2 million in annual funding would meet the needs of everyone on the program's waiting list, which would bring total funding to \$10.6 million.

## **Administrative Operations**

### **Records Disposition Authorizations**

State law requires the Public Records Commission to determine and order the proper disposition of the state's public records and to direct the Tennessee Department of State's Records Management Division to initiate any action necessary to establish the regulation of record holding and management in any state agency. Section 10-7-301(6), *Tennessee Code Annotated*, defines public records as

all documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings, or other material, regardless of physical form or characteristics made or received pursuant to law or ordinance or in connection with the transaction of official business by any governmental agency.

Public officials are legally responsible for creating and maintaining records that document the transactions of government business. These records provide evidence of government operations and accountability to citizens. Public officials must maintain this information according to established records disposition authorizations (RDAs). According to Section 10-7-509, *Tennessee Code Annotated*,

The disposition of all state records shall occur only through the process of an approved records disposition authorization. Records authorized for destruction shall be disposed of according to the records disposition authorization and shall not be given to any unauthorized person, transferred to another agency, political subdivision, or private or semiprivate institution.

RDAs describe the public record, retention period, and destruction method for each record type under an agency's authority. Upon destroying a public record, an agency must submit a certificate of destruction to the Records Management Division.

In March 2013, the division developed an online application to catalog and maintain RDAs. The Public Records Commission asked all state agencies, including the Department of Intellectual and Developmental Disabilities, to amend or retire RDAs that existed at that time and to create new ones for public records currently in use. The Records Management Division conducted a

public records assessment at the department's office on July 25, 2018. The purpose of the assessment was to

- measure the department's records management process;
- identify the RDAs used and if new ones were needed; and
- assess the volume of records for each RDA.

The division issued the assessment on August 15, 2018, and noted two recommendations for the department.

### Employee Turnover

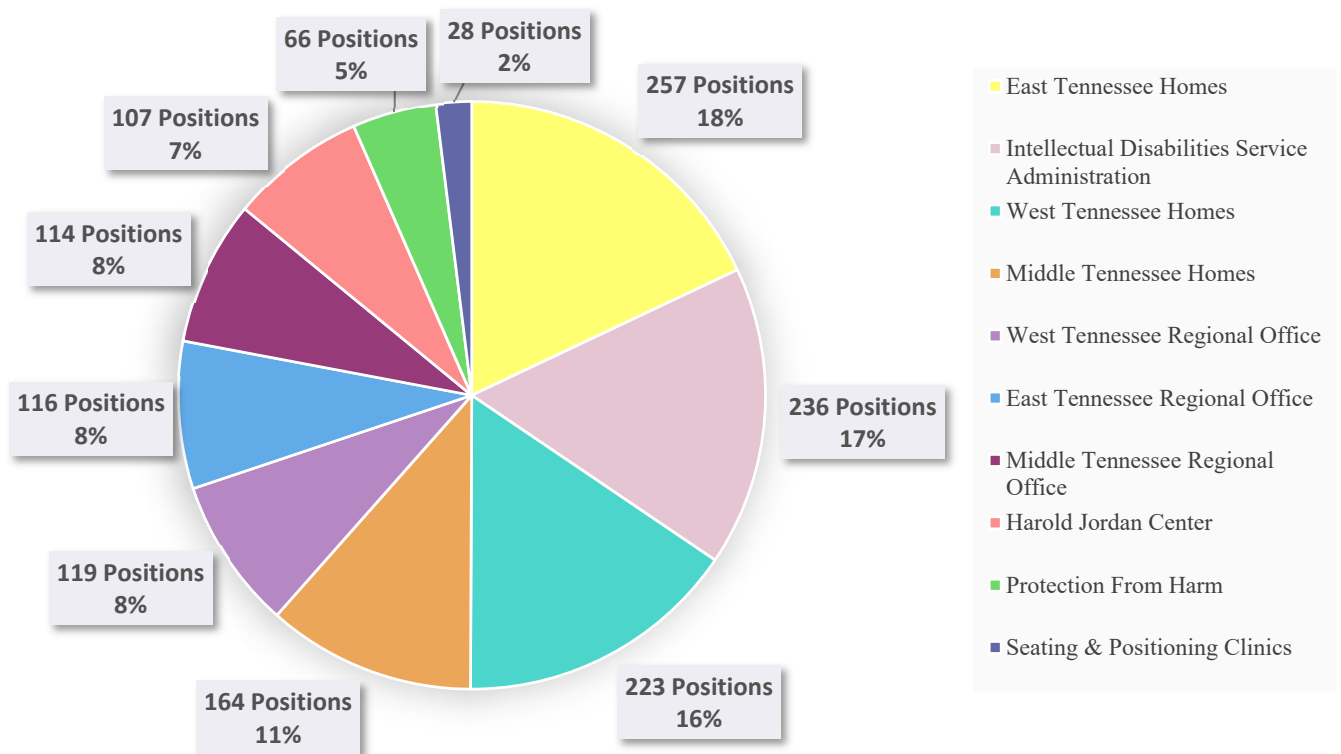
According to the U.S. Bureau of Labor Statistics, the average turnover for state and local governments (excluding education) for calendar years 2016, 2017, and 2018, respectively, was 20.7%, 20.6%, and 20%. For our review of the department's turnover, we relied on data for the state fiscal year; however, we do not believe that the difference in timeframes would result in different outcomes.

### *Department Staffing Statistics*

The department has 1,430 approved full-time positions according to the state's fiscal year 2020 budget; 1,310 positions were filled as of July 3, 2019. As shown in **Chart 8**, the majority of the department's workforce, 51%, work in 3 of the 12 business units:

- East Tennessee Community Homes have 257 positions, or 18% of the total positions;
- the Intellectual Disabilities Service Administration has 236 positions, or 17% of the total positions; and
- West Tennessee Community Homes have 223 positions, or 16% of the total positions.

**Chart 8<sup>35</sup>**  
**Department of Intellectual and Developmental Disabilities**  
**Budgeted Positions by Business Unit, Fiscal Year 2020**



Source: Edison, the State of Tennessee's enterprise resource planning system.

### *Department Separation Statistics*

Department separations include not only employees that the department dismissed but also employees who retired, voluntarily resigned, or died. The department experienced a total of 272 separations in fiscal years 2018 and 2019<sup>36</sup> (see **Table 12**).

**Table 12**  
**Staff Turnover Rates**  
**Fiscal Years 2018 and 2019 (Through December 31, 2018)**

Fiscal Year	Separations	Average Employees Per Year	Turnover Rate
2018	185	1,599	11.6%
2019	87	1,452	6.0%

Source: Edison, the State of Tennessee's enterprise resource planning system.

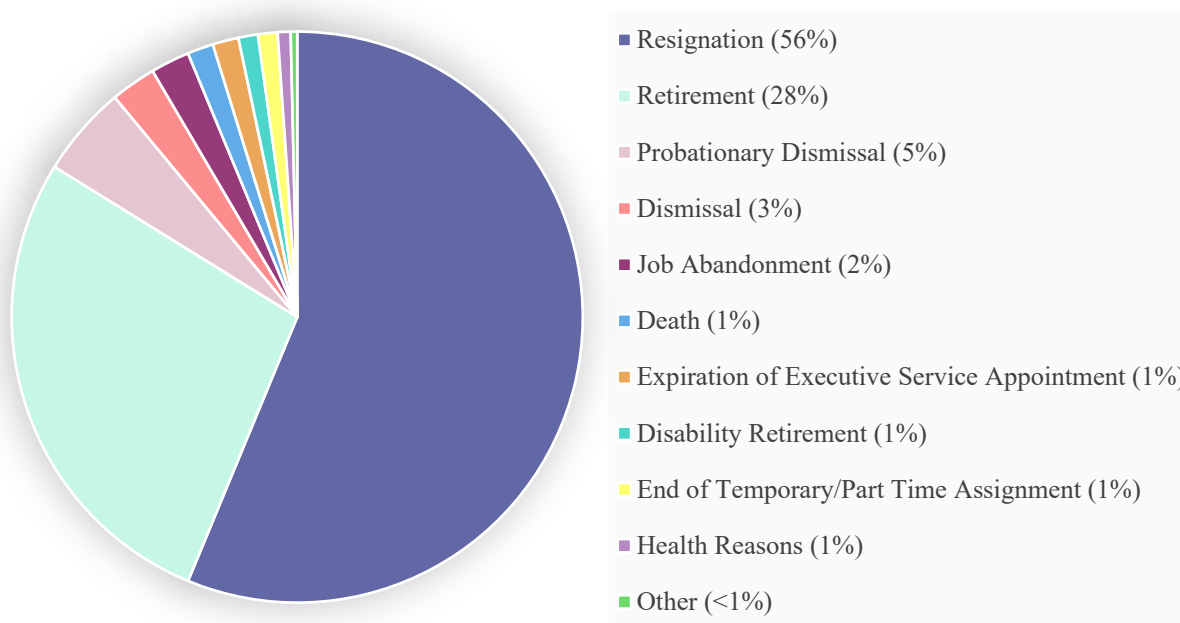
<sup>35</sup> Two of the department's business units, Major Maintenance and Community Intellectual Disabilities Services, had no employees.

<sup>36</sup> Fiscal year 2019 separation data is for the period July 1, 2018, through December 31, 2018.



Of the 272 total separations, 153 employees voluntarily resigned and 75 employees retired. See **Chart 9** for a breakdown of reasons for the remaining separations.

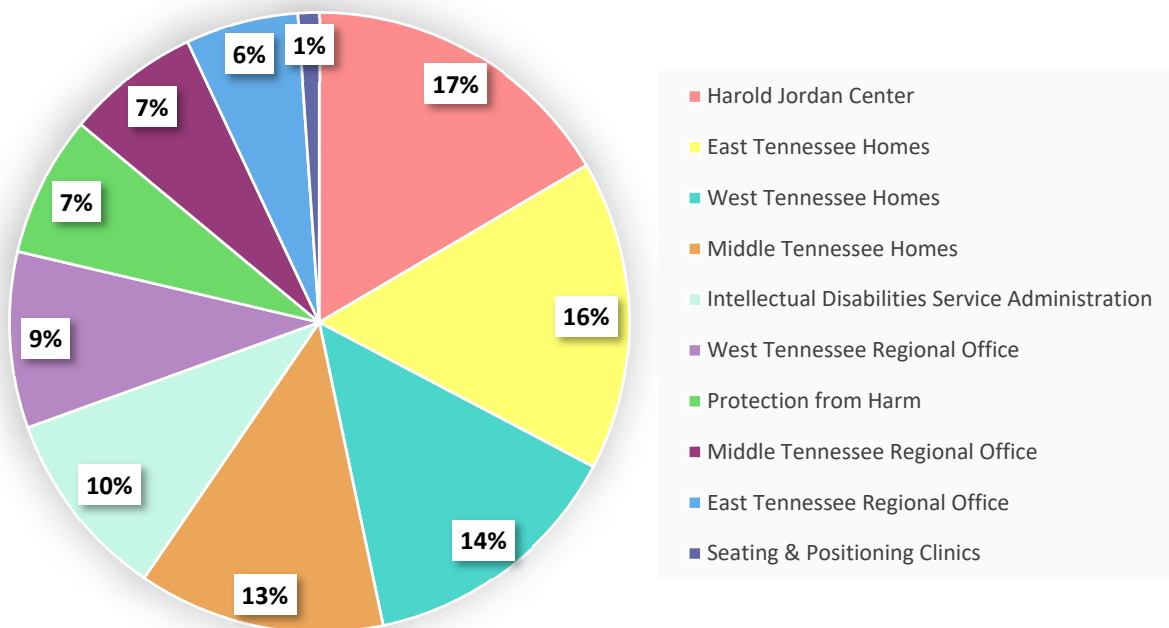
**Chart 9**  
**Causes of Separation**  
**Fiscal Years 2018 and 2019 (Through December 31, 2018)**



Source: Edison, the State of Tennessee's enterprise resource planning system.

According to management, the department's overall turnover rate of approximately 14% is below the national average. The turnover rate for voluntary separation is 11.3%, while the rate for involuntary separation is 2.5%. The top 60% of separations came from the Harold Jordan Center, East Tennessee Homes, West Tennessee Homes, and Middle Tennessee Homes (see **Chart 10**). Turnover in these locations included the following positions: Habilitation Therapy Technicians, Registered Nurses, and Licensed Practical Nurses. These positions are considered direct support professionals, who help provide care for the individuals the department serves. Based on our review of personnel files, most employees resigned due to job dissatisfaction, stress, higher paying job opportunities, continuation of education, or the desire for a more challenging work environment.

**Chart 10**  
**Separations by Business Unit**  
**Fiscal Years 2018 and 2019 (Through December 31, 2018)**



Source: Edison, the State of Tennessee's enterprise resource planning system.

### *Turnover Monitoring*

The department uses an informal turnover tracking process; the regional offices' Human Resources Divisions manage turnover. When the regional offices' Human Resources Division identifies an area with high turnover, the Director of Human Resources in the central office plays an active role in resolving turnover-related issues. In an effort to better understand department separations, the Director of Human Resources encourages employees to fill out an exit survey. Management stated that the Habilitation Therapy Technicians, Registered Nurses, and Licensed Practical Nurses positions have high turnover because they involve direct patient care and pay lower salaries than comparable jobs in the private sector. According to management, turnover has not impacted the department's ability to meet its mission or goals. However, employee turnover for direct support professionals, and the staff shortages Tennessee is currently facing, could put the department in danger of not meeting its mission. See the **Emerging Issue** on page 22.

## Audit Results

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- 1. Audit Objective:** Had the department explored other avenues to offer services or programs to individuals with intellectual or developmental disabilities?

**Conclusion:** Based on our procedures performed, we determined that the department had explored other avenues to offer services and programs.

- 2. Audit Objective:** Did department management implement the Records Management Division's assessment recommendations?

**Conclusion:** The department implemented these recommendations.

- 3. Audit Objective:** Did department management comply with the Public Records Commission's 2013 request to review all records disposition authorizations (RDAs)?

**Conclusion:** Upon implementing the Records Management Division's assessment recommendations, department management became compliant with the Public Records Commission's request to review all RDAs.

- 4. Audit Objective:** Did the department experience any turnover that affected its ability to meet its mission?

**Conclusion:** Based on our analysis of the department's turnover rates for fiscal years 2018 and 2019 (through December 31, 2018), as well as discussions with management, we determined that employee turnover involving direct support professionals could potentially affect the department's ability to meet its mission. See the **Emerging Issue** on page 22.

# Information Systems



## INFORMATION SYSTEMS

The Department of Intellectual and Developmental Disabilities uses information systems to support its mission-critical business functions. The state's centralized computer service bureau, Strategic Technology Solutions (STS), manages the department's network access and email; hosts the department's file and application servers; and administers Edison, the state's enterprise resource planning system. We focused our audit work on the department's **information systems controls** and **systems development**.

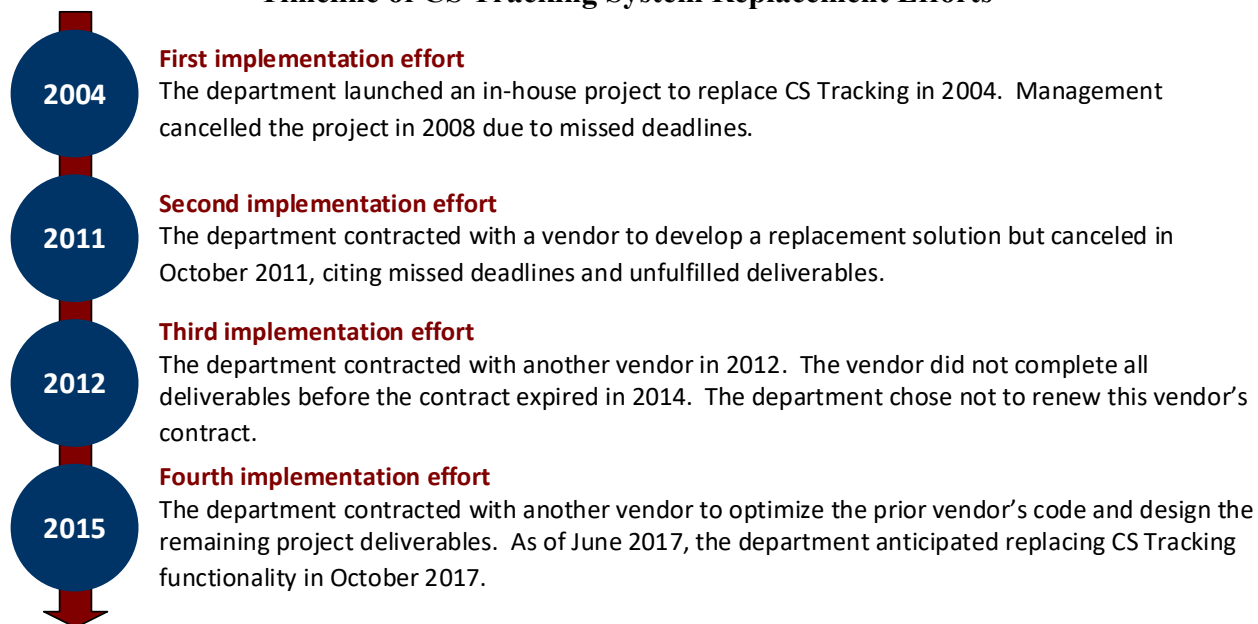
### Information Systems Controls

Information systems controls broadly describe measures to ensure the security, accuracy, and reliability of hardware and software. Our November 2017 performance audit report included a finding relating to the department's information systems controls that was repeated from the prior three audits.

### Systems Development

In 1994, the department implemented the Community Services (CS) Tracking system to manage information about Medicaid waiver enrollees. Though originally intended as a short-term solution, the department continued using CS Tracking while it worked on implementing a replacement solution known as Titan. Our November 2017 performance audit report documented the department's efforts to implement Titan dating back to 2004; we summarize those efforts in **Exhibit 15**.




#### Exhibit 15 Timeline of CS Tracking System Replacement Efforts



Source: Auditors created from November 2017 performance audit report.

As of the end of our 2017 audit, the department had implemented the first two of seven phases planned for Titan. Management envisioned that they would implement phase 3 of Titan in October 2017, which would allow the department to retire CS Tracking. The department's contract with the project vendor was set to expire in June 2018, by which time the vendor was to implement the four remaining phases of Titan that encompassed the department's Protection From Harm, Behavior Support Plan, Administrator on Duty, and Harold Jordan Center functions. **Table 13** depicts the status of the Titan project as of our November 2017 performance audit report.

**Table 13**  
**Status of Titan Project As of November 2017 Audit Report**

Phase		Status As of November 2017 Report
<b>1 Intake and Referral</b> For administering initial client intake, the Medicaid waiver waiting list (discontinued as of June 30, 2016), and case management services.		
<b>2 Enrollment and Services</b> For enrolling individuals in the department's Medicaid waivers (closed to new enrollments as of June 30, 2016).		<b>IMPLEMENTED</b>
<b>3 Service Planning, Events, Provider Users</b> For developing and documenting Individual Support Plans; authorizing services; managing transfers, death, and disenrollment; and enabling provider access to system information.		 <b>IN PROGRESS</b>
<b>4 Protection from Harm</b> For processing allegations and hotline tips, managing incident reports, and documenting investigations of critical incidents.		
<b>5 Behavior Support Plan</b> For performing initial and continual behavior assessments of persons supported who require behavior services.		
<b>6 Administrator on Duty</b> For completing checklists of calls received outside of normal business hours and performing emergency authorizations for services.		
<b>7 Harold Jordan Center</b> For processing Harold Jordan Center admissions, completing related assessments, and enrolling individuals in specialty services (such as the Behavioral Support Unit).		<b>SCHEDULED</b>

We concentrated our systems development work for the current audit on following up on the status of Titan.

## **Audit Results**

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**1. Audit Objective:** Did the department correct the November 2017 finding involving state information systems security policies and industry best practices?

**Conclusion:** We determined that the department did not comply with state information systems security policies and industry best practices. See **Finding 5**.

**2. Audit Objective:** Did the department correct the prior observation by replacing the CS Tracking system with Titan?

**Conclusion:** Although the department achieved its goal of replacing the CS Tracking system, management significantly reduced the scope of the Titan system, and the department has faced ongoing problems with the system's functionality since its implementation. See **Finding 6**.

### **Finding 5 – The department did not provide adequate internal controls in three specific areas**

The Department of Intellectual and Developmental Disabilities did not provide adequate internal controls in three specific areas, related to nine of the department's systems. For all three areas, we are reporting internal control deficiencies that were repeated from the prior audit because corrective action was not sufficient. Ineffective implementation of internal controls increases the likelihood of errors, data loss, and inability to continue operations.

The details of this finding are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Additionally, pursuant to Standard 7.41 of the U.S. Government Accountability Office's *Government Auditing Standards*, certain information was omitted from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. We provided the department with detailed information regarding the specific conditions we identified, as well as the related criteria, causes, and our specific recommendations for improvement.

### **Recommendation**

Management should ensure that these conditions are remedied by the prompt development and consistent implementation of internal controls in these areas. Management should implement effective controls to ensure compliance with applicable requirements; assign staff to be responsible for ongoing monitoring of the risks and mitigating controls; and take action if deficiencies occur.

### **Management's Comment**

We concur. Management is working to develop consistent internal controls in these areas, including the assignment of staff to be responsible for ongoing monitoring and taking action if deficiencies occur.

**Finding 6 – Although management retired the outdated Community Services Tracking system, the replacement system lacked functionality and increased the burden on provider agencies and department staff**

The Department of Intellectual and Developmental Disabilities implemented Titan in October 2018, ending its 24-year quest to replace the Community Services (CS) Tracking system. Based on our review of the new system, we found that Titan

- was significantly reduced in scope and intended functionality to ensure the vendor completed the system before its development contract expired;
- contained a design flaw that caused the department to improperly void legitimate service payments from providers;
- could not reimburse providers for conducting employee background checks;
- allowed users to both pre-authorize services and approve payments, violating segregation of duties principles; and
- allowed double payment of dental claims.

**Reduction in Scope**

As of our November 2017 audit, the department had implemented the first two phases of Titan, and management expected to implement the remaining phases 3 through 7 by spring 2018 (see **Table 13** on page 80 for a description of each phase). When we inquired about the outcome of the project in May 2019, management told us that the department launched Titan in October 2018 with only minor functions cut out of the project. Yet when we reviewed project documentation, we learned that the department secured two contract amendments that together extended the contract term by six months and drastically reduced the scope of the Titan project. Specifically, the second contract amendment

- stripped at least 78 functions from phase 3;
- terminated work in progress on phase 4 and eliminated phases 5 through 7 entirely from the project scope;
- removed the vendor's obligation to produce 320 minutes of Titan training videos; and
- decreased the total contract amount by \$200,000—a discount of 4% on the original contract price.

***Unanticipated Project Complexity, Scope Creep, and Turnover Led to Scope Reduction***

To explain the change in the Titan project's scope, the Executive Information Technology Director said that when the project was developed, management of many different department functions wanted something from the new system. As a result, Titan's project scope crept from its initial goal of replacing CS Tracking to a comprehensive system that would serve multiple business functions. Management reported that the vendor did not realize until the project was



underway that it had underestimated the complexity of the project and did not devote sufficient staffing—a risk we noted in our prior audit report. Consequently, the project stalled at phase 3. With the contract running out of time, management determined the best course of action was to remove the extraneous features and refocus the project on its original intent of replacing CS Tracking.

Turnover of key roles during critical stages of the project may have hampered Titan’s development. Project sponsors, technical sponsors, project managers, and the Project Steering Committee are responsible for driving project oversight, leadership, guidance, and accountability. During the life of the Titan contract, the department replaced its project sponsor, and Strategic Technology Solutions (STS) cycled through two technical sponsors and at least three project managers. We additionally noted that the department lost almost all of its original Project Steering Committee members as the project progressed. Without a consistent team to support and monitor Titan’s progress, the project suffered. Furthermore, the department did not replace outgoing Project Steering Committee voting members with individuals outside of the department’s executive management, which would have addressed a committee independence risk we noted in our prior audit.

#### *Contract Price Reduction Did Not Reflect Milestone Payments*

The original Titan contract required the department to pay the vendor milestone payments, or predetermined portions of the contract amount upon satisfactory user acceptance testing of each phase. The second contract amendment removed milestone payments associated with phases 4 through 7, increased the milestone payment for phase 3 by over \$750,000, and added a payment for a “go live” milestone. **Exhibit 16** compares the milestone payments of the original contract compared to the amended contract.

Based on the milestone payment schedule, the department’s original contract valued the vendor’s delivery of phases 4 through 7 at \$2.6 million. After management amended its contract to remove these phases, the total contract price decreased by only \$200,000. The Deputy Commissioner of Fiscal and Administrative Services explained that the department and STS executive management negotiated the \$200,000 price decrease based on the vendor’s time and effort already invested in the project, which the milestone payments did not reflect. Regardless, the original contract described the milestone payment schedule as “the entire compensation due the Contractor . . . regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.”

We inquired whether the department considered extending the contract or increasing the total contract amount to ensure the vendor’s completion of phases 4 through 7. Management explained that they felt the legislature would provide no more money for this project since it had been ongoing for so long. The Executive Information Technology Director added that the department considered technical barriers too, such as the then-unknown requirements for the Employment and Community Services CHOICES program.

**Exhibit 16**  
**Comparison of Original and Amended Titan Contract Phases and Milestone Payments**

Project Phase	Original Contract	Amended Contract
Phase 1 Intake and Referral	N/A – The vendor implemented Phase 1 under a previous contract.	N/A – The vendor implemented Phase 1 under a previous contract.
Phase 2 Enrollment and Services	\$920,000	\$920,000
Phase 3 Service Planning, Events & Providers	\$970,000	\$1,720,508 <i>Scope reduced to Service Planning only.</i>
Phase 4 Protection from Harm	\$720,000	Work-in-progress on Phase 4 stopped.
Phase 5 Behavior Support Plan	\$625,000	Removed from contract scope.
Phase 6 Administrator on Duty	\$625,000	Removed from contract scope.
Phase 7 Harold Jordan Center	\$701,016	Removed from contract scope.
Go Live	The original contract did not include a milestone payment for go live.	\$1,720,508
<b>Total contract cost:</b>	<b>\$4,561,016</b>	<b>\$4,361,016</b>

Source: Titan original and amended contracts.

We noted that the Titan contract included standard clauses giving the department the right to terminate the agreement and withhold payments for services not completed. We recognize, however, that pursuing this option instead of amending or extending the contract would likely have left the department without a functioning Titan system and potentially entangled in costly and time-consuming litigation with the vendor.

### *Effect of Reduction in Scope*

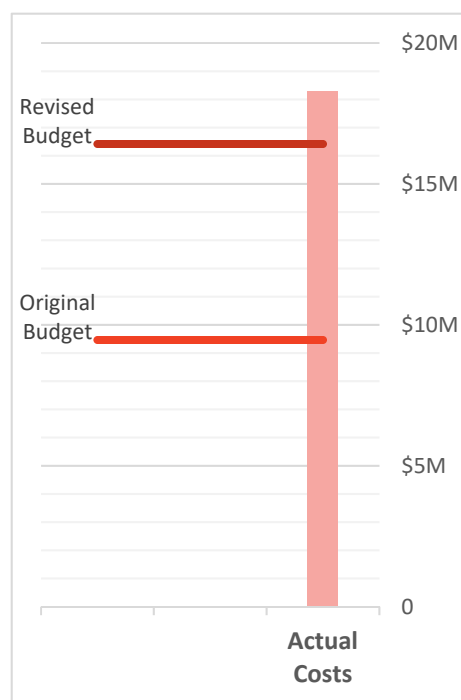
By removing phases 4 through 7 from the scope, the department paid for but did not realize efficiencies and process improvements in its Protection From Harm, Harold Jordan Center, and other functions. Now, the department must commit more time and expense if it wishes to modernize these functions in the future. Despite the significant scope reduction, Titan cost the department \$18.3 million—an overrun of nearly double the project’s original budget of \$9.5 million (see **Chart 11**).

Furthermore, as we reported in our November 2017 performance audit report, the department’s difficulty implementing the first iteration of Titan could foreshadow significant delays and expenses when adapting the system to the department’s needs in the future. During our fieldwork, we learned of three impending changes that could require a technological solution within Titan:

1. a rule change targeted for early 2020 implementation, authorizing providers to bill for day services in 15-minute rather than the current 1-hour increments;
2. a federal rule mandating the use of electronic visit verification for all Medicaid-funded personal care services by January 1, 2020; and
3. an updated methodology, effective July 1, 2019, for billing for residential services provided to waiver members who share a home with one or more Employment and Community First CHOICES members.

If management is unable to customize Titan to reflect such changes swiftly and precisely, the department risks violating the terms of its Medicaid waiver funding and damaging relations with the Division of TennCare, providers, and other stakeholders.

**Chart 11**  
**Comparison of Budget to Actual**  
**Project Titan Costs (Including**  
**Operations and Maintenance)**



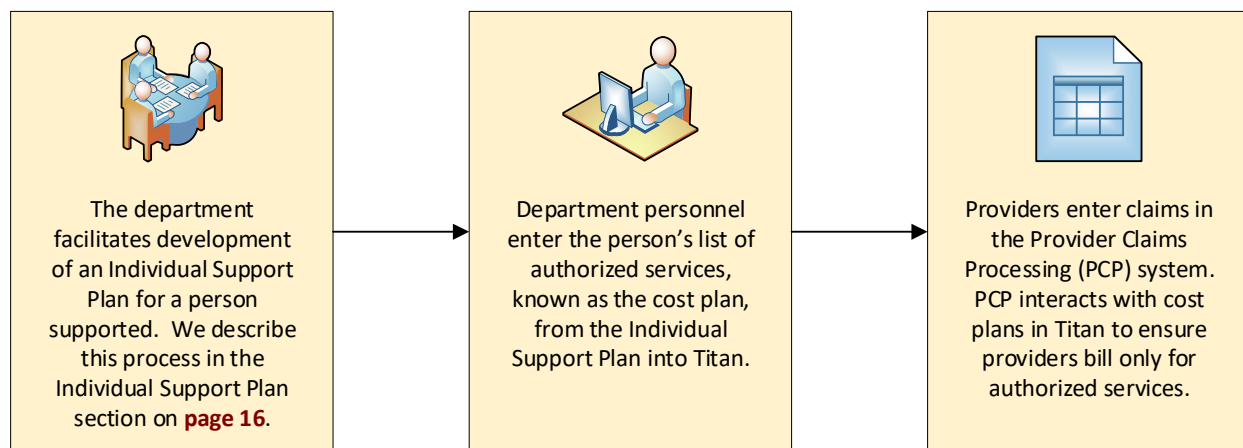
## Improper Voiding of Service Payments

Based on our audit procedures, we determined that a design flaw in Titan caused the department to improperly void fees previously paid to providers for services delivered to waiver members. Through interviews with provider representatives, we learned that updating basic information in Titan about supported individuals—such as a change in address or the number of roommates in the home—triggered unexpected, large voids of previous payments. One provider representative reported that an unexpected void of more than \$100,000 forced the agency to take out a line of credit to meet payroll for its employees. In addition to the financial toll on providers, this problem increased the workload of personnel in the Office of Business Services, the department’s unit for processing provider payments.

### *Titan Forced Cost Plan Voids When Individuals’ Circumstances Change*

To explain why improper voids occurred, department personnel first described Titan’s function of storing cost plans. Cost plans list the type, quantity, and duration of services and supports the department has authorized for an individual. We illustrate this information in **Exhibit 17**.

**Exhibit 17**  
**Titan’s Cost Plan Functions**

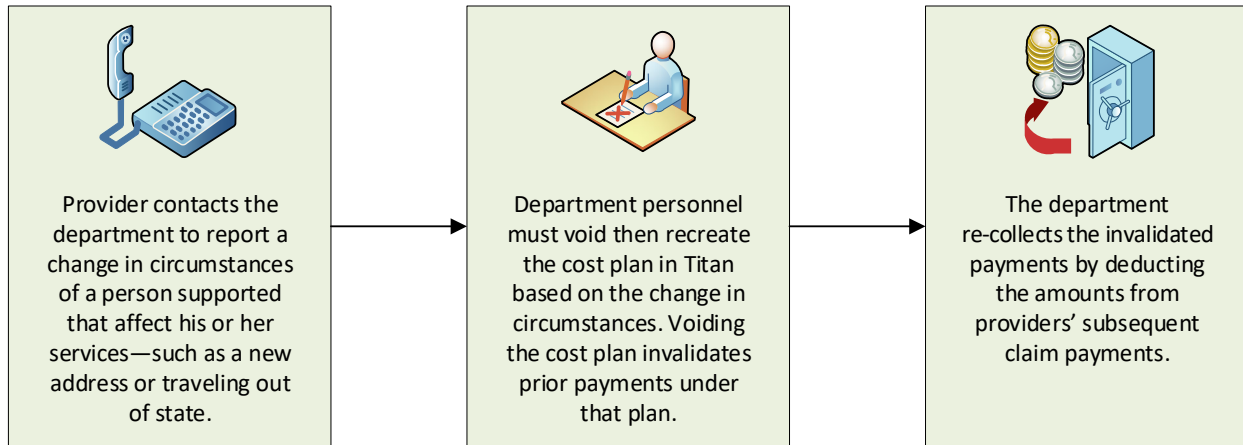


Source: Auditor generated based on interviews with department personnel.

When a person’s circumstances change in a way that affects his or her services, Titan forces the department to void the existing cost plan, which invalidates payments for services previously made under that plan. See **Exhibit 18**.

## Exhibit 18

### Changes to Cost Plans in Titan



Source: Auditor generated based on interviews with department and provider personnel.

The department collects voids by deducting them from providers' subsequent claim payments. To get their money back, providers must wait for the void to occur, then gather service documentation that supported the original claims and rebill for these services. The department's Provider Claims Processing system only allows providers to bill for services delivered up to 13 weeks in the past. Beyond that, providers must send service documentation to billing staff in the department's Office of Business Services, who then rebill the older services. The department stated that this process takes two weeks from the date services are rebilled, but providers told us that the process took up to eight weeks to complete.

#### *Management's Response to Cost Plan Voids*

Despite evidence that the department became aware of this issue in November 2018, management failed to communicate this issue to providers and did not attempt to create a department-wide strategy to prevent massive voids from financially crippling provider agencies. Rather than creating a manual workaround to prevent voids against all providers, the department left the choice of overriding voids to regional billing staff, who decided whether to intervene based on their understanding of the size of the provider agency and whether the organization could "absorb the hit." Billing staff informed us that void overrides were very rare and that they were only aware of two cases where regional staff intervened.

#### *Management Unaware of Total Amount Voided*

Throughout our fieldwork, management was less than forthcoming with information regarding voids. We asked management on three separate occasions if the department experienced issues with the Titan implementation, and management either denied that any major issues occurred or claimed not to recall. However, we received evidence of correspondence between providers and management showing that providers informed management of the \$100,000 voids several months before we inquired about them.

Once we began asking specific questions about the cost plan voids, the Director of the Office of Business Services stated that he was not aware of voids larger than \$60,000 occurring, and the Billing and Payment Manager said she had not seen a void larger than \$10,000; however, we found two voids in excess of \$100,000.

Moreover, management hindered our attempts to determine the amount of money improperly voided since Titan's implementation. In response to our multiple attempts to obtain a list of payments re-collected as a result of cost plan voids, management

- insisted that no such list exists;
- disclaimed the department's responsibility for handling void information and referred us to the Division of TennCare, which directed us back to the department;
- informed us that void reports are issued to providers from a department email maintained by STS staff;
- provided documentation of a waiver claim report, a report used by internal billing staff to summarize payments and voids for all providers in Middle, East, or West Tennessee, which ultimately did not match the void reports described in our interviews or our subsequent request; and
- finally provided the void reports we requested, with the caveat that reports older than 30 days are automatically deleted from the email account; consequently, we were unable to determine the number of voids or the amount of money improperly voided since Titan's implementation.

We ultimately reviewed void reports that the department kept for the period June 11, 2019, through July 2, 2019, and void reports provided by representatives of provider agencies in interviews. Based on our analysis of those reports, the largest amount re-collected from a single provider was \$134,038, and the maximum time period voided was 11 months of services. In these cases, the amount re-collected and the time period voided were approximately double the maximum amounts and time periods the department claimed were possible.

#### *Management Disagreed With Auditors' Conclusions on Voids*

The Director of the Office of Business Services informed us that cost plan voids were not improper because prior to Titan's implementation, similar voids of up to three months of payments occurred within the CS Tracking system. The Director of the Office of Business Services also stated that the department's provider agreement requires agencies to keep enough funding on hand to cover at least three months of expenditures at any given time. We found that the provider agreement did not list this requirement, but Part 2 of the Provider Application for Long-Term Services (last revised in March 2017) requires that owners of provider agencies keep resources to cover at least six months of costs.

The STS Executive Director of Information Technology for the department stated that STS staff were working on a solution to the issue but maintained that this solution was a "system

enhancement” rather than a correction of a design error. However, when we interviewed IT and billing staff without management present, staff admitted that the voids should not be occurring.

### *Criteria and Effect of Problems Noted*

The department does not have a policy or a process for providers to seek relief from cost plan voids. Large, sudden voids that take two to eight weeks to rebill pose a threat to the viability and going concern of provider agencies and may discourage caregiving organizations from joining or remaining in the department’s provider network. Such voids could prevent providers from meeting payroll, paying bills, or making changes in the lives of persons supported that could trigger voids. These voids impose undue burden on providers with inconsistent and insufficient support from the department.

Regarding the lack of communication to providers regarding cost plan voids, Paragraph 15.03 of the Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Green Book) states,

Management communicates quality information externally through reporting lines so that external parties can help the entity achieve its objectives and address related risks. Management includes in these communications information relating to the entity’s events and activities that impact the internal control system.

Management tone at the top is critical to the creation and maintenance of a strong internal control structure. According to Paragraph 4.10 of the Green Book, “The oversight body and management establish and maintain an environment throughout the entity that sets a positive attitude toward internal control. . . . Management should demonstrate a commitment to integrity and ethical values.”

### Unreimbursed Background Checks

The department did not reimburse provider agencies for conducting background checks on new employees from the implementation of Titan on October 1, 2018, until June 10, 2019. Over this eight-month period, the department amassed a backlog of \$221,503 in unpaid background check reimbursements outstanding to 103 providers. Amounts the department owed to individual providers ranged between \$20 and \$26,161. Management once again failed to communicate this issue to providers and did not begin an attempt to manually process background check reimbursements until May 2019.

According to Section 5.2.e of the department’s *Provider Manual*, the department reimburses its Medicaid waiver providers for the cost of conducting criminal background checks on employees. Until Titan’s launch, providers submitted background check reimbursements through CS Tracking, and the department’s Office of Business Services manually processed payments. Office personnel stated that they believed Titan would process background check reimbursements but learned that it could not after the department implemented the system. The department awaited a solution from STS until early May 2019, when Office of Business Services staff created a manual process to pay providers. STS personnel explained that before Titan,

department staff manually processed background check reimbursements because CS Tracking could not produce payments. They blamed the Office of Business Services' decision to discontinue manual business processes performed prior to Titan's implementation.

As noted in the **Emerging Issue** on page 22, the department's providers suffer from high turnover because Medicaid waiver reimbursement rates are insufficient to pay direct support professionals a competitive wage. The department's failure to reimburse for employee background checks timely, coupled with cost plan voids described earlier in this finding, further compounds providers' financial stress. Management exhibited an indifferent attitude toward the inconvenience caused to provider agencies by these late payments; the Director of the Office of Business Services informed the auditors that the unreimbursed amounts were small and incorrectly cited department policy that providers should have savings to cover at least three months of operating expenses.

### Segregation of Duties

While demonstrating Titan's functions for us, department personnel disclosed that at least three system users are able to create prior authorizations for services in Titan, then approve the services for payment. This violates the basic internal control principle of segregation of duties. According to Section 10.12 through 10.13 of the Green Book,

Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk. Segregation of duties helps prevent fraud, waste, and abuse in the internal control system.

Management agreed this was a problem, explaining that there were not enough employees they felt comfortable giving increased access in Titan. Because of this, management did not distribute conflicting roles among different users. As a result of a lack of segregation of duties, the department's risk increases that employees may abuse their ability to both authorize and pay for services to commit fraud.

### Duplicate Dental Billing

While performing our Individual Support Plan testwork, we determined that for 2 of 60 waiver recipients tested (3%), the department double-billed and paid dental services twice. After we presented these items to the department, management identified two additional cases of double-billing. Overall, we identified that the department issued \$2,278 in improper payments for double-billed dental claims. Because we could not verify that the department provided us a complete list of double-billed dental claims, however, we could not determine whether this amount represented the total of improper payments.

Regional billing staff explained that dental claims are handled differently than other services. For routine services such as personal assistance, providers key their claim directly into the department's Provider Claims Processing system. Dental services, however, require billing



staff to establish a pre-authorization in Titan. Billing staff subsequently enter dental invoices into Titan, which spends down those funds against the pre-authorization. In the instances that services were double-billed, the dental office sent an initial bill for services, realized they billed for the wrong date of service, and sent a new bill. Billing staff entered the new bill without voiding out the incorrect bill and entered the second bill outside of the pre-authorization; therefore, the second bill did not trip the pre-authorized limit.

Management explained that supervisors do not review billing staff's entries, and billing staff are responsible for checking their own dental invoice entries for accuracy. Management pointed out that Titan contains edit checks to reject double entries of the same invoice on the same date, but this does not address the problem that billing staff can override this control by entering the same invoice on a different date and outside of a pre-authorization.

As stated in Principle 10 of the Green Book, best practices include management designing controls over information processing to achieve objectives and respond to risks. Furthermore, Principle 16 of the Green Book emphasizes the importance of ongoing monitoring to ensure the effectiveness of the internal control system. Without sufficient controls in place, the risk remains that billing staff could accidentally or intentionally execute improper duplicate payments of dental claims.

## **Recommendation**

### **Reduction in Scope**

Moving forward, the department should monitor information systems projects to ensure that management and the vendor devote resources commensurate with project complexity. The department should also ensure that future systems are built in a way that allows for adaptation in the event of changes in law or department processes. Additionally, committees monitoring the project should include members independent from the work or its results to decrease the risk that serious problems—such as unrealistic deadlines or unacceptable deliverables—will pass through the committee unchallenged.

### **Cost Plan Voids**

Management should develop a policy addressing cost plan voids. The Director of the Office of Business Services should work with STS staff to implement a solution, either manual or computerized, that will prevent provider agencies from experiencing voids for services that were provided and billed correctly. The Director should also ensure that any department-wide issues relating to payments or voids are communicated to all provider agencies. Department management should cooperate fully with the Comptroller's Office by sharing relevant information.

### **Background Check Reimbursements**

The Director of the Office of Business Services and the Deputy Commissioner of Fiscal and Administrative Services should work together to ensure that the department pays providers for background checks in a timely fashion.

### Segregation of Duties

The department should separate key roles involving authorizing and paying services. If the department encounters resource constraints in separating these duties, management could keep the duties unsegregated but develop alternative control activities to address the risk.

### Duplicate Dental Billing

Management should regularly review invoices in Titan to ensure the propriety of payments for dental services.

### **Management's Comment**

We concur. Management will monitor future IT projects to ensure the appropriate level of resources are allocated and that systems are built in a manner that allows for adaptation. Committees monitoring future projects will include independent members.

The department will ensure providers are paid for background checks in a timely fashion.

The department will segregate duties and/or implement internal controls to address the risk.

Management will quarterly review dental payments to ensure existing processes are followed and prevent improper payments for dental services.

The department will develop a policy to standardize the process for adjusting retroactive cost plan changes with the goal of minimizing the negative impact on providers' cashflow.

## APPENDICES

### APPENDIX 1 Methodologies to Achieve Objectives

#### Service Delivery System Program Areas

##### Case Management

To determine whether the Department of Intellectual and Developmental Disabilities corrected the November 2017 finding relating to case management, we interviewed key personnel at both the department and the Division of TennCare.

We read the department's internal policies, operating guidelines, memoranda to staff, and other documentation pertaining to case management and referral. We examined the department's case management training materials and attendance records. We reviewed the department's quality assurance tools and analyses for gauging case management assignments and case manager performance. We also reviewed TennCare's audits of the department's compliance with contractual obligations for Employment and Community First CHOICES.

We obtained monthly case management rosters for the West, Middle, and East regions for the period March 2018<sup>37</sup> through December 2018. We compared each month's roster to a population of individuals enrolled in the self-determination waiver and checked whether all waiver members had a case manager assigned. We calculated the caseload number for each case manager, the averages for each region, and the overall department average as of December 2018.

We compiled case management lists of individuals whom the department assisted with applying to the Employment and Community First CHOICES program between March 2, 2018,<sup>38</sup> and April 11, 2019. We also obtained from TennCare a list of all individuals the department referred to the aging caregiver program during the same period. Since the department's case management lists did not include date of birth information for primary caregivers, we collected the department's quarterly aging caregiver referrals submitted to TennCare between April 1, 2018,<sup>39</sup> and March 31, 2019. We calculated each primary caregiver's age as of the date the department transmitted the information to TennCare. We compared the department's information with TennCare's information.

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<sup>37</sup> We started with March 2018 case management rosters to align with the March 1, 2018, effective date of the department's updated Internal Operating Guideline, "Self Determination Case Management Assignment."

<sup>38</sup> March 2, 2018, marked the day after the department's revised Internal Operating Guideline, "General Intake Procedures for Employment and Community First CHOICES," became effective on March 1, 2018.

<sup>39</sup> We started with the April 1, 2018, submission because this was the first full quarter under the department's revised "General Intake Procedures for Employment and Community First CHOICES," effective March 1, 2018.

## Employment and Community First CHOICES

We reviewed the department's and TennCare's policies, procedures, and program documentation relating to Employment and Community First CHOICES. We read the Office of the Comptroller of the Treasury's 2018 performance audit report of the Division of TennCare, as well as supporting working papers. We obtained documentation of contact between the department, TennCare, and individuals potentially eligible for the Employment and Community First CHOICES program. We viewed the department's and TennCare's outreach materials, including letters, brochures, promotional videos, and event attendance schedules. We also obtained and analyzed Employment and Community First CHOICES enrollment and referral numbers for the period July 1, 2017, through March 31, 2019.

## Direct Support Professionals

We interviewed key department and TennCare personnel, along with advocacy group representatives. We reviewed reimbursement rate documentation for the department's Medicaid waivers and TennCare's Employment and Community First CHOICES program. We read the Comptroller of the Treasury's *Survey Concerning Wages of Direct Support Professionals*, the National Association of State Directors of Developmental Disabilities Services' *2017 Staff Stability Survey Report*,<sup>40</sup> the Tennessee Community Organizations' January 2019 staffing survey results, and various news articles about economic incentives to increase pay in low-wage occupations.

In addition, we used the Department of Labor and Workforce Development's Labor Market Information tool to generate an occupational profile for personal care aides.<sup>41</sup> We tracked the Department of Intellectual and Developmental Disabilities' fiscal year 2019 and 2020 budgets and legislation related to direct support professional wages.

## Individual Support Plans

We interviewed applicable department personnel. We reviewed the department's *Provider Manual*; the department's Policy 80.3.4, "Authorization of Services," effective December 7, 2015; the department's Independent Support Coordination Review Tool; and the Council on Quality and Leadership's Personal Outcome Measures.

We determined that a population of 2,573 Individual Support Plans (ISPs) had been updated from July 1, 2018 (giving management half a year to correct prior problems, as well as explain and release new guidance to both internal and outside staff), through October 31, 2018. We selected a nonstatistical, random sample of 60 waiver participants and examined their ISPs, including the narrative, action plan, services, and Planning Meeting Signature Sheets; their approved cost plans; and the payments for waiver services in calendar year 2018. In addition, we reviewed the 60 waiver participants' Support Coordination and Case Management Monthly

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<sup>40</sup> The 2017 report was released in January 2019 and was the most recent available at the time of our fieldwork.

<sup>41</sup> The U.S. Department of Labor's Bureau of Labor Statistics classifies direct support professionals within the personal care aide occupation.

Documentation Forms and Annual ISP Review and Update Documentation Forms in calendar year 2018.

We also looked at templates and signatures sheets for ISPs, as well as Independent Support Coordination reviews and monitoring comparisons. We analyzed a quality checklist for ISPs, as well as the form used to annually review and update the plans. In addition, we obtained a research packet that management compiled about how other states handle ISPs and a memo to Individual Support Coordinators regarding internal monitoring of ISPs.

### Integrated Employment

To determine if the department collected comprehensive data on integrated employment to evaluate its success, we reviewed the department's October 2017, April 2018, and October 2018 *Employment Data Collection* PowerPoint presentations; Service Provider Data Collection tool employment questions for October 2018; Employment Services key drivers and outcomes as of April 2, 2019; the statewide employment goal for 2019; the contract for fiscal year 2017 through fiscal year 2018 and amendment with the department's service provider for the Tennessee Service Provider Data Collection tool with an end date of December 14, 2021; the data summary for integrated employment as of May 14, 2019; the 2018 Employment First Task Force report; and the 2018 Employment First Task Force strategic plan. We interviewed the State Director of Employment and Day Services and 23 provider agencies. We also reviewed the September 2018 National Core Indicators report, National Core Indicators Survey, and Executive Order No. 28 signed by the Governor on June 19, 2013.

We obtained the population of 1,322 service recipients whose employment data was submitted by the provider agency for October 2018 (the most recent submission date when we commenced testwork). We selected a nonstatistical, random sample of 25 different provider agencies for testwork. For every agency in our sample, we requested payroll documentation for each service recipient.

### Risk Management

We interviewed management. We additionally reviewed the internal audit plans submitted after July 1, 2017, to April 11, 2019, and obtained the internal reports released since July 1, 2017. We analyzed the annual risk assessments for the years 2017 and 2018 to determine the control activity the department implemented to ensure compliance in the responsible area and to determine if management agreed the control was or was not operating effectively. We reviewed the Risk Assessment Team's quarterly monitoring documents performed from February 2018 to November 2018, and we then reviewed that team's quarterly reports released from February 2018 to November 2018. We obtained documentation for the appointments for additional staff and the purchase of an internal audit management software program. We examined the department's contract with Ernst & Young, as well as the report the company released on January 4, 2019.

### Enabling Technology

We interviewed relevant department personnel and advocacy group representatives. We toured the department's model homes in Nashville and Greeneville and visited Carl, an early

adopter of the Enabling Technology program, in East Tennessee. We gathered Enabling Technology documentation, including program plans, manuals, budgets, vendor lists, and contracts.

We reviewed the Individual Support Plan and Enabling Technology Care Plan of the one person receiving remote caregiver supports during our fieldwork. We obtained training histories for the remote caregiver vendor's staff as of May 3, 2019, and compared each remote caregiver's training history to the department's training requirements to identify late and incomplete training. For training we identified as completed late, we calculated the number of days elapsed between the training due date and the training's completion. For incomplete training, we calculated the number of days overdue as of May 3, 2019.

## **Safety of Supported Individuals**

### Employee Screening

To determine if the department corrected the November 2017 finding involving background checks, we reviewed state law and the department's internal policy relating to background checks; working papers from employee file audits conducted by the department's Human Resources and Internal Audit divisions; documentation of the department's inquiry with the National Association of State Directors of Developmental Disabilities Services regarding background checks; documentation of the department's research on background check standards of other state and national agencies; and the department's Office of General Counsel's report on 2018 legislation potentially impacting the department's background check policies. We obtained templates of the department's Authorization for Release of Information form and pre-employment checklist.

We selected a nonstatistical, random sample of 60 department employees from a population of 116 who had direct contact with or direct responsibility for supported individuals and who were hired between July 1, 2017, and November 5, 2018. For each employee selected, we examined the available criminal background checks and related authorizations. We obtained available sex offender registry, abuse registry, Tennessee Felony Offender Information List, Office of Inspector General's List of Excluded Individuals and Entities, and substantiated records inquiry checks. We also obtained available checks of work history and references; academic records; and professional credentials and certifications.

### Volunteer Screening

To determine whether the department corrected the prior volunteer background check finding, we reviewed a checklist and tracking sheet that the central office developed to ensure that the department obtained criminal background checks and registry checks before volunteers commenced service. We also interviewed key personnel and requested lists of volunteers since July 1, 2017. We conducted Google searches to identify undisclosed volunteers.

To determine whether the department corrected the prior volunteer background check observation, we reviewed the department's Policy 10.1.2, "Background Checks for Department of

Intellectual and Developmental Disabilities (DIDD) Employees, Contract Workers and Volunteers.”

### Death Reviews

To determine if the department corrected the November 2017 finding involving death reviews, we reviewed the department’s death reporting and review policies; a memo from the Assistant Director of Nursing to regional mortality nurses regarding death review due date extensions, dated March 29, 2018; and the Assistant Director of Nursing’s audit of requests and approvals of extensions for the period September 1, 2017, through June 30, 2018.

We obtained the population of 330 deaths of individuals who received care through departmental facilities, private facilities, and community-based providers for the period September 1, 2017 (the date of the Assistant Director of Nursing’s audit), through February 13, 2019. We selected a nonstatistical, random sample of 60 deaths for testwork. For each death in our sample, we obtained and reviewed the Notice of Death, the Initial Agency Death Review, the Preliminary Death Review, the Clinical Death Summary, and the Comprehensive Death Review. We calculated the number of days after the individual’s death it took staff to complete the Initial Agency Death Review, the Clinical Death Summary, and the Comprehensive Death Review. For items completed outside of timeframes prescribed by policy, we obtained explanations from management and reviewed extension request and approval documentation. We also compared our conclusions on deaths in our sample to the Assistant Director of Nursing’s retroactive review.

## **Service Delivery System Monitoring**

### Quality Assurance Monitoring

To determine whether the department corrected the November 2017 finding involving quality assurance monitoring reviews, we discussed with department management corrective actions implemented since the prior audit, including a revised Quality Assurance Unit Oversight of Background and Registry Checks protocol, exercises to verify monitors’ testwork results, and the department’s communications with providers.

We selected a nonstatistical, random sample of 10 providers from the population of 153 that underwent quality assurance monitoring in calendar year 2018 from April 1, 2018, through November 26, 2018.<sup>42</sup> From these 10 agencies, we used a nonstatistical, random methodology to select 6 provider employees from the populations the quality assurance monitors reviewed, for a total of 60 provider employees tested. We analyzed criminal background, abuse registry, sex offender registry, felony offender information list, and list of excluded individuals and entities checks for the provider employees. We compared the results of our analysis to the quality assurance monitors’ results and requested explanations from department management for any discrepancies.

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<sup>42</sup> We used April 1, 2018, to align with the corrective actions the department took in response to our prior finding, and we used November 26, 2018, because that date represented the most current data available when we selected our sample.

To determine whether the department addressed the prior finding by correcting the internal checks in the quality assurance monitoring tool to help prevent inadvertent data entry, we observed the updated quality assurance monitoring tool. During our sample testwork, we searched for problems with the tool but did not identify any.

### Background Check Exemptions

To determine whether the department corrected the prior finding involving background check exemptions, we interviewed the Director of Internal Compliance and General Counsel. We reviewed the department's *Provider Manual*; provider agreement; exemption policy and related request forms; checklists; committee meeting dates; training materials; annual exemption policy summaries for calendar years 2017 and 2018; and research on other states' background check and exemption policies. We also read relevant Equal Employment Opportunity Commission and Department of Health and Human Services Office of Inspector General publications.

We selected a nonstatistical, random sample of 60 exemptions from the population of 99 provider background check exemption requests that the Department of Intellectual and Developmental Disabilities approved between January 1, 2018,<sup>43</sup> and October 31, 2018. For each approved exemption in our sample, we obtained and reviewed the exemption request form, as well as checks of the abuse registry, the sex offender registry, the felony offender information list, and the list of excluded individuals and entities. We reviewed the date the Regional Office received and sent the Exemption Request Form to the central office and the required meeting date to review the request, and we calculated the number of days it took the department to send a disposition letter to the provider agency after approving the exemption request. We also compared our conclusions on registry checks to the Policy Unit's review.

## **Resident Personal Property and Trust Fund Accounts**

### Personal Property

To determine if management and staff adhered to relevant guidance involving tracking personal property of individuals living in community homes, we obtained departmental policies and procedures, along with training material and attendance records. We also reviewed documentation of the department's personal property internal audit program and audit reports.

We obtained the population of 148 residents of the department's 37 community homes and the Harold Jordan Center as of November 13, 2018. We selected a nonstatistical, random sample of 60 residents, representing 30 homes and the Harold Jordan Center, and acquired the personal property list for each resident. We visited the community homes and the Harold Jordan Center and interviewed home managers and other personnel responsible for tracking individuals' personal property. We haphazardly selected 5 items of personal property from each resident's inventory (for a total of 300 items) and asked community home or Harold Jordan Center staff (as applicable) to locate the item. We added 8 extra personal property items to our testwork to replace belongings

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<sup>43</sup> We used January 1, 2018, because this was the first full month after the department instituted a process to perform registry checks prior to approving a background check exemption.



we could not examine because the resident had disposed of the item or was using it at the time. Overall, we attempted to locate 308 items of personal property.

We used this same sample to determine if staff performed an inventory when individuals moved into or out of their home on or after April 1, 2018.<sup>44</sup> We also evaluated if staff performed an inventory at least quarterly while the individuals resided at the department's facilities.

To determine whether staff adhered to monthly property audit guidelines, we obtained the list of 38 state-run residential facilities (comprising 37 community homes and the Harold Jordan Center). For each of the 38 facilities, we randomly selected a month between April 2018 and February 2019 and reviewed the following items:

- monthly audit reports,
- monthly audit notes on property reviews,
- individual spending forms, and
- residents' inventories.

#### Resident Trust Fund Accounts

To determine if the department complied with applicable regulations when handling Resident Trust Funds, we interviewed management and staff responsible for managing residents' accounts. We reviewed relevant policies and procedures; documentation from internal audits of residents' funds and property; and training materials and attendance records.

We obtained the population of 820 checks issued in the East, Middle, and West regions between April 1, 2018,<sup>45</sup> and December 31, 2018. We performed an analysis of the check numbers to verify the completeness of the population. We selected a nonstatistical, random sample of 60 checks for testwork. For each check selected, we examined the associated request for funds form, receipts, Quicken reports, and inventory lists.

To determine if the department properly disposed of account balances for deceased, discharged, and transferred residents, we reviewed relevant state law, internal policy, and Social Security Administration documentation. We obtained the population of 24 residents who discharged, transferred, or died during the period October 1, 2017,<sup>46</sup> through November 5, 2018. We examined Quicken reports, disbursement checks, interest allocation sheets, and probate court documentation for the entire population.

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<sup>44</sup> We selected this date because the department's Policy 100.1.5, "Personal Property," became effective on March 29, 2019.

<sup>45</sup> We selected a start date of April 1, 2018, because the department's Policy 100.1.11, "Trust Fund Accounts," became effective on March 29, 2018.

<sup>46</sup> We selected this beginning date for our scope because the Office of Risk Management and Licensure tested all individuals deceased since September 30, 2017, and identified no discrepancies.

## Federal Eligibility Monitoring

To determine if the department complied with the federal eligibility monitoring aspect of its Resident Trust Fund policy, we reviewed the following:

- the department's Policy 100.1.11, "Trust Fund Accounts";
- the department's *Trust Fund Procedures for Reporting on Medicaid Eligibility*;
- the Social Security Administration's website for information relating to Supplemental Security Income eligibility rules;
- *Rules of the Department of Finance and Administration Division of TennCare*;
- the Social Security Administration's *Guide for Organizational Representative Payees*; and
- materials and attendance documentation for Medicaid eligibility training conducted by Department of Intellectual and Developmental Disabilities management.

We selected for testwork a nonstatistical, random sample of 60 from the population of 148 individuals residing at the department's facilities as of November 13, 2018. For the residents selected, we recalculated their monthly account balances from January 1, 2018<sup>47</sup> (or their move-in date, whichever occurred later), through December 31, 2018. We also reviewed Quicken reports, safe audits, and fiscal staff notifications for account balances over the \$1,500 and \$2,000 thresholds.

## **Department Operations**

### Program Operations

To determine whether the department had explored other avenues to offer services or programs to individuals with intellectual or developmental disabilities, we interviewed key personnel. We also reviewed the following documents:

- Budget for Community Homes;
- Unused Property Expenses as of May 22, 2019;
- Master Plan Authority;
- State Building Commission Lead Sheet With Total Funding;
- Family Support Program Waiting List 2018-2019;
- Community Home Vacancies; and
- West Tennessee Home Vacancies.

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<sup>47</sup> We used January 1, 2018, because this date follows the department implementing new procedures in November 2017 and offering training sessions in November and December 2017.

We examined the department's population of waiver members and analyzed their ages and length of time enrolled in a waiver. We analyzed community homes' vacancies and discussed with management the process for filling home vacancies, as well as alternate purposes for the community homes. We asked management whether plans are in place to apply for or provide oversight for other services or programs. We spoke with management about plans to repurpose unused properties at the Greene Valley, Clover Bottom, and Arlington developmental centers.

We read news articles, advocacy group materials, and Division of TennCare documents regarding the Katie Beckett program. To hear Tennessee General Assembly members' deliberations on the implementation of the Katie Beckett program, we viewed the following hearings:

- the House of Representatives TennCare Subcommittee hearing on March 13, 2019;
- the House of Representatives Finance, Ways, and Means Committee hearing on March 19, 2019;
- the House of Representatives TennCare Subcommittee hearing on March 20, 2019;
- the House of Representatives Insurance Committee hearing on March 26, 2019;
- the Senate Commerce and Labor Committee hearing on March 26, 2019;
- the House of Representatives Finance, Ways, and Means Committee hearing on April 3, 2019; and
- the House of Representatives Finance, Ways, and Means Committee hearing on April 10, 2019.

### Records Disposition Authorizations

To gain an understanding of the department's records management process, we interviewed the department's Records Officer and reviewed the Secretary of State's *Records Management Best Practices and Procedures*, dated August 1, 2015. We reviewed a list of the department's RDAs, as well as the department's active and retired RDAs, to determine if the department complied with the Public Records Commission's 2013 request to review all of the department's RDAs. To determine if department management implemented the Records Management Division's recommendations, we reviewed the department's assessment dated July 25, 2018, and discussed the recommendations with the department's Records Officer.

### Employee Turnover

To determine whether the department experienced any turnover that affected its ability to meet its mission, we reviewed the department's turnover rates to gain an understanding of turnover trends. We compared the department's turnover rates to national rates obtained from the U.S. Bureau of Labor Statistics. We analyzed turnover rates by business unit to determine business units with higher turnover. We interviewed the department's Human Resources staff and division management to gain an understanding of their process to monitor turnover and to determine its impact on the department's mission.

## Information Systems

We reviewed management's internal control activities to assess adherence to state information systems security policies and information systems industry best practices.

We interviewed provider agency representatives and key department, Strategic Technology Solutions, and Division of TennCare personnel. We compiled relevant laws, policies, procedures, forms, and worksheets.

We obtained the department's Titan development contracts with the prior vendor and current vendor plus two contract amendments and related attachments. We also viewed management's contract amendment requests presented to the Fiscal Review Committee. We compared key elements of the original contract and its two amendments, including contract period, total amount, funding schedule, and scope.

We gathered Titan Executive Sponsor Meeting notes for the period February 2, 2017, to August 22, 2018; Project Steering Committee presentations from April 26, 2018, to September 27, 2018; and Information Systems Council meeting minutes from February 27, 2019. In addition, we reviewed project budgets, training records, and change management tickets.

We viewed and analyzed waiver claim reports for the period August 4, 2018,<sup>48</sup> through May 11, 2019, and void reports for the period June 11, 2019, to July 2, 2019.<sup>49</sup> In four cases, we contacted providers to verify re-collected amounts shown on select waiver claim and void reports.

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<sup>48</sup> We requested waiver claims reports starting August 4, 2018, to have a selection of reports produced both before and after the implementation of Titan on October 1, 2018.

<sup>49</sup> The department did not retain void reports older than 30 days. Because of this limitation, we obtained the entirety of void reports on file with the department at the time of our request, which spanned the period June 11, 2019, through July 2, 2019.

## APPENDIX 2

### Title VI Information

Pursuant to state statute, the Tennessee Human Rights Commission is responsible for verifying that state governmental entities receiving federal financial assistance comply with the requirements of Title VI of the Civil Rights Act of 1964 (Title VI), which prohibits discrimination on the basis of race, color, and national origin in federally funded programs and activities. The commission serves as the central coordinating agency for executive-branch departments and agencies and provides technical assistance, consultation, and resources to encourage and assist departments and agencies with compliance.

By October 1 of each year, state departments and agencies receiving federal funds must submit Title VI implementation plans to the commission describing how they will meet Title VI requirements. The commission staff review all implementation plans each year to ensure the plans include limited English proficiency policies and procedures, data collection procedures, and subrecipient monitoring, and whether departments provide sufficient Title VI training to staff. The commission staff also perform detailed on-site compliance reviews of a select number of state agencies each year to ensure that agencies are following the implementation plans.

The commission issues the report *Tennessee Title VI Compliance Program* (available on its website at <https://www.tn.gov/humanrights.html>), which covers the status of the Title VI compliance for the State of Tennessee. The report describes the implementation plan review process, the results of compliance reviews completed, details of federal dollars received by state agencies, Title VI complaints received, and Title VI implementation plan submission dates.

According to the commission's fiscal year 2017–2018 report (the most recent report available as of July 2018), the Department of Intellectual and Developmental Disabilities' Title VI implementation plan was submitted on time. In addition, the commission's review of the department's 2017–2018 Title VI implementation plan resulted in no findings. See the charts for a breakdown of the department's employee gender and ethnicity.

Employees by Gender	
Gender	Number of Employees
Male	325
Female	985

Employees by Ethnicity	
Gender	Number of Employees
White	740
Black or African American	518
Hispanic or Latino	9
Asian	28
American Indian or Alaska Native	3
Other	8
Two or More Ethnicities	1
Unknown	3

**APPENDIX 3**  
**Expenditure and Revenue Information by Fiscal Year**  
**Intellectual and Developmental Disabilities (DIDD)**  
**[344.00] - [Total Intellectual and Developmental Disabilities]**  
**Expenditure and Revenue Information by Fiscal Year**  
**UNAUDITED INFORMATION**

<b>Description</b>	<b>2018</b>	<b>2019*</b>
Regular Salaries	\$58,162,900.51	\$58,552,548.28
Longevity	2,374,953.88	2,522,898.88
Overtime	1,960,995.14	1,585,381.84
Benefits	29,193,112.78	27,719,081.46
<b>Subtotal Personnel</b>	<b>\$91,691,962.31</b>	<b>\$90,379,910.46</b>
Travel	\$683,723.67	\$667,509.19
Printing and Duplicating	645.00	236.26
Utilities and Fuel	2,976,654.48	2,845,569.60
Communications	70,869.95	65,645.34
Maintenance, Repairs, and Service	1,872,469.87	1,651,939.19
Professional Services Third Party	6,772,802.36	5,561,976.91
Supplies and Materials	2,160,407.04	2,047,377.00
Rentals and Insurance	187,458.05	197,581.93
Motor Vehicle Operations	9,336.91	13,369.17
Awards and Indemnities	81,129.13	35,432.94
Grants and Subsidies	11,865,106.08	9,926,663.37
Unclassified	12,985.00	12,118.37
Stores for Resale/Reissue/Mfg.	167,495.05	554.69
Equipment	39,535.00	108,747.91
Land	0.00	0.00
Buildings	0.00	0.00
Discounts Lost	0.00	0.00
Highway Construction	0.00	0.00
Training	483,553.87	440,470.14
Data Processing	1,800,371.38	4,636,380.93
Professional Services State Agencies	24,544,870.14	21,751,787.45
Retirement of Debt	0.00	0.00
Interest on Debt	0.00	0.00
Trustee Fees	0.00	0.00
Depreciation	0.00	0.00
Loss on Disposal of Equipment	0.00	0.00
Reallocations Plant Work Order	0.00	0.00
<b>Subtotal Operations</b>	<b>\$53,729,412.98</b>	<b>\$49,963,360.39</b>
<b>Total Expenditures</b>	<b>\$145,421,375.29</b>	<b>\$140,343,270.85</b>

### APPENDIX 3

#### Expenditure and Revenue Information by Fiscal Year (Continued)

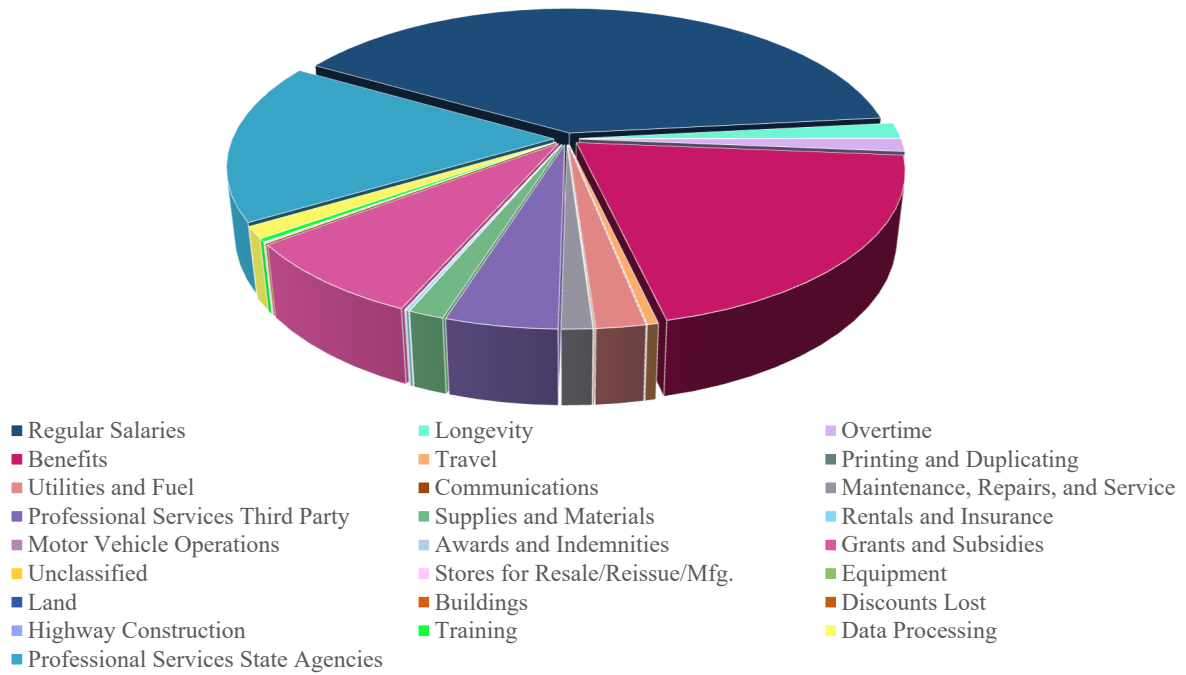
Description	2018	2019*
Reserve - Unencumbered Bal	\$0.00	\$0.00
Reserve - Capital Outlay	294,643.43	162,267.43
Reserves	0.00	0.00
State Appropriations	25,368,200.00	25,637,600.00
<b>Total Appropriation</b>	<b>\$25,662,843.43</b>	<b>\$25,799,867.43</b>
Federal Revenue	\$0.00	\$0.00
Federal Capital Grants	0.00	0.00
Refund Prior Year Federal Expense	0.00	0.00
<b>Total Federal</b>	<b>\$0.00</b>	<b>\$0.00</b>
Counties	\$0.00	\$0.00
Refund of Prior Year Local Expense	0.00	0.00
Cities	0.00	0.00
Non-Governmental	14,362.56	0.00
Other State	0.00	0.00
Current Services	2,193,704.24	2,234,502.95
Interest Income	0.00	0.00
Inter-Departmental <sup>50</sup>	122,711,785.67	107,810,013.38
Interdepartmental - CU	8,729.90	13,132.08
Current Services - Licenses	0.00	0.00
Current Services - Fines	0.00	0.00
<b>Subtotal Other Revenue</b>	<b>\$124,928,582.37</b>	<b>\$110,057,648.41</b>
<b>Total Funding</b>	<b>\$150,591,425.80</b>	<b>\$135,857,515.84</b>

\*2019 represents partial information that only runs through June 20, 2019.

Source: Edison, the State of Tennessee's enterprise resource planning system.

<sup>50</sup> The majority of the department's inter-departmental revenues include administration of the Medicaid waivers, the Employment and Community First CHOICES program, and the intermediate care facilities for individuals with an intellectual disability (e.g., the Harold Jordan Center). In addition, the department's inter-departmental revenues can include services provided by the seating and positioning clinics to the community homes, the allocation of central office expenses to the intermediate care facilities, and various other state agencies (e.g., Department of Safety leases space at the Clover Bottom campus).

**2018 Chart of Expenditures  
By Account**



**2019 Chart of Expenditures  
By Account**

